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**(October 2007 Reporting Period)**

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December 17, 2007

**SUPPLEMENTAL ITEM**

**TO: MEMBERS OF THE INVESTMENT COMMITTEE**

- I. SUBJECT:** Investment Transactions
- II. PROGRAM:** Public Employees' Retirement Fund
- III. RECOMMENDATION:** Information only

The following investment transaction reports relating to the Public Employees' Retirement Fund (PERF) have been completed by staff for the Investment Committee's review. The transaction reports were completed for the months of September 2007 and October 2007.

- Public Employees' Retirement Fund
  - Fixed Income Summary and Transactions
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    - AIM Program Items Completed Under Delegation of Authority
    - Internally Managed Derivative Transactions Summary
    - Risk Managed Absolute Return Strategies Program Transactions (No items to report)
    - Risk Managed Absolute Return Strategies Program Items Completed Under Delegation of Authority (No items to report)

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Matthew Flynn  
Division Chief

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Anne Stausboll  
Chief Operating Investment Officer

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Russell Read  
Chief Investment Officer

## FIXED INCOME TRANSACTIONS

September 2007

	<b>PURCHASES</b>		<b>SALES</b>	
<b>Asset Class</b>	<b>Market Value (\$Millions)</b>	<b>Effective Annual Yield %</b>	<b>Market Value (\$Millions)</b>	<b>Effective Annual Yield %</b>
Government	2,490.2	4.7	1,026.2	4.8
Mortgages	1,439.9	6.4	538.7	5.9
Sovereigns	325.2	4.9	198.5	4.9
Corporates	962.0	6.6	24.1	6.8
High Yield	20.2	7.6	18.5	8.1
<b>Total</b>	<b>5,237.5</b>	<b>5.5</b>	<b>1,806.0</b>	<b>5.2</b>

# EQUITY SUMMARY

INTERNATIONAL MANAGERS

External International



**STATE STREET**  
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September 30, 2007

**EQUITY MANAGERS:**

<i>PORTFOLIO SUMMARY</i>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
47 DEGREES NORTH FUND OF EMERGING FUNDS	\$100,000,000.00	0.50%	\$101,190,000.00	0.37%
ACADIAN ASSET MANAGEMENT	\$1,216,566,598.81	6.07%	\$1,478,216,678.91	5.40%
ALLIANCE BERSTEIN	\$912,633,314.17	4.56%	\$1,474,449,579.45	5.38%
ALLIANCE LARGE CAP GROWTH	\$555,174,632.64	2.77%	\$715,238,808.56	2.61%
ALLIANCE STRATEGIC VALUE	\$624,646,093.22	3.12%	\$801,214,853.74	2.93%
AQR CAPITAL MANAGEMENT, LLC	\$1,123,732,574.82	5.61%	\$1,338,288,814.08	4.89%
ARROWSTREET CAPITAL	\$1,089,859,016.51	5.44%	\$1,280,821,239.38	4.68%
ARROWSTREET CAPITAL L.P. - VENTURES	\$78,437.50	0.00%	\$5,631,719.87	0.02%
ARROWSTREET-INVESTMENTS	\$190,469,428.20	0.95%	\$221,550,248.22	0.81%
ARTISAN PARTNERS, LP.	\$1,684.80	0.00%	\$1,684.80	0.00%
AXA ROSENBERG INVESTMENT MANAGEMENT LLC	\$1,039,239,665.28	5.19%	\$1,416,037,000.20	5.17%
BAILLIE GIFFORD OVERSEAS LTD	\$721,574,139.73	3.60%	\$1,279,392,447.34	4.67%
BARING INTERNATIONAL INVESTMENT, LTD.	\$746,696,781.73	3.73%	\$1,014,562,858.71	3.71%
BATTERYMARCH EMERGING MKTS	\$531,059,943.93	2.65%	\$608,524,423.51	2.22%
BGI - INTL ALPHA TILTS	\$1,248,069,718.88	6.23%	\$1,532,304,002.55	5.60%
BRANDYWINE ASSET MGMT	\$80,239,559.85	0.40%	\$90,236,871.12	0.33%
CAPITAL GUARDIAN TRUST COMPANY	\$560,180,570.12	2.80%	\$769,187,499.31	2.81%
DIMENSIONAL FUND ADVISORS, INC.	\$556,462,567.04	2.78%	\$1,428,747,620.25	5.22%
ERMITAGE EUROPEAN FUND OF FUNDS	\$125,000,000.00	0.62%	\$132,485,125.00	0.48%
EUROPANEL EUROPEAN FUND OF FUNDS	\$100,000,000.00	0.50%	\$107,339,200.00	0.39%

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# EQUITY SUMMARY

INTERNATIONAL MANAGERS

External International



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September 30, 2007

**EQUITY MANAGERS:**

<i>PORTFOLIO SUMMARY</i>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
FORTRESS - GAGFAH	\$103,750,089.91	0.52%	\$85,657,759.92	0.31%
FORTRESS - GAGFAH OVERLAY	-\$10,123,914.64	-0.05%	-\$10,123,914.64	-0.04%
GENESIS ASSET MANAGERS	\$959,191,374.61	4.79%	\$1,433,465,394.09	5.24%
GOVERNANCE FOR OWNERS	\$199,607,737.17	1.00%	\$241,798,494.89	0.88%
GRANTHAM, MAYO, VO & CO., LLC	\$837,168,361.51	4.18%	\$1,224,586,827.37	4.47%
HERMES EUROPEAN FUND	\$100,000,000.00	0.50%	\$287,777,560.40	1.05%
HERMES FOCUS ASSET MANAGEMENT LIMITED	\$218,873,996.78	1.09%	\$421,184,103.10	1.54%
INTERNATIONAL REIT	\$554,294,742.64	2.77%	\$704,592,424.62	2.57%
KCB ASIAN FUND OF FUNDS	\$150,000,000.00	0.75%	\$166,068,000.00	0.61%
KNIGHT VINKE INSTITUTIONAL PARTNERS	\$83,881,541.50	0.42%	\$140,840,778.21	0.51%
LAZARD EMERGING MKTS	\$572,785,017.87	2.86%	\$616,668,883.92	2.25%
NEW STAR INSTITUTIONAL MANAGERS LTD.	\$597,808,700.06	2.98%	\$748,424,668.07	2.73%
NOMURA ASSET MANAGEMENT USA INC.	\$903,295,009.36	4.51%	\$1,336,829,004.81	4.88%
NORTHROAD CAPITAL MGMT - VENTURES	\$1,453,721.26	0.01%	\$4,352,688.59	0.02%
NORTHROAD CAPITAL MGMT-INVESTMENTS	\$83,960,310.13	0.42%	\$110,198,200.22	0.40%
OECHSLE INTERNATIONAL ADVISORS	\$0.20	0.00%	\$0.20	0.00%
PARETO CURRENCY OVERLAY	-\$111,112,327.16	-0.55%	-\$112,057,816.31	-0.41%
PICTET EMERGING MKTS	\$522,375,285.10	2.61%	\$605,815,355.57	2.21%
PYRFORD INTL PLC-INVESTMENTS	\$91,134,123.10	0.45%	\$105,031,280.42	0.38%
PYRFORD INTL PLC-VENTURES	\$24,066.74	0.00%	\$6,410,866.29	0.02%

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# EQUITY SUMMARY

INTERNATIONAL MANAGERS

External International



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September 30, 2007

**EQUITY MANAGERS:**

<i>PORTFOLIO SUMMARY</i>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
QMA INTERNATIONAL	\$926,533,722.76	4.63%	\$1,095,955,995.21	4.00%
ROBECO USA	\$541,226,398.31	2.70%	\$672,462,313.17	2.46%
SPARX ASIAN FUND OF FUNDS	\$75,000,000.00	0.37%	\$88,908,975.00	0.32%
SPARX VALUE CREATION FUND	\$370,410,886.21	1.85%	\$508,499,694.18	1.86%
SSGA CURRENCY FORWARDS	-\$72,368,315.66	-0.36%	-\$72,368,315.66	-0.26%
SSGA ENVIRO INTL	\$115,246,691.23	0.58%	\$139,247,009.44	0.51%
STATE STREET BANK AND TRUST COMPANY	\$1,209,007.09	0.01%	\$1,209,007.09	0.00%
TAIYO FUND MANAGEMENT CO. LLC	\$395,284,924.00	1.97%	\$698,022,579.31	2.55%
UBS EUROPEAN FUND OF FUNDS	\$150,000,000.00	0.75%	\$162,646,050.00	0.59%
VISION ASIAN FUND OF FUNDS	\$150,000,000.00	0.75%	\$174,098,250.00	0.64%
<b>TOTAL</b>	<b>\$20,032,595,877.31</b>	<b>100.00%</b>	<b>\$27,381,622,792.48</b>	<b>100.00%</b>

\* INCLUDES CASH AND CASH EQUIVALENTS

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# FIXED INCOME TRANSACTIONS

INTERNATIONAL MANAGERS PORTFOLIO TRANSACTIONS

External International

September 30, 2007



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FIXED INCOME MANAGERS	PURCHASES	SALES	NET INVESTMENT	REALIZED CAPITAL GAIN/ LOSS
<i>PORTFOLIO TRANSACTIONS</i>				
ALLIANCE BERNSTEIN INSTITUTIONAL INVSTMT	\$482,662,767.00	\$265,910,901.00	\$216,751,866.00	\$1,616,672.15
BARING ASSET MANAGEMENT	\$0.00	\$0.00	\$0.00	\$0.00
BRANDYWINE ASSET MANAGEMENT	\$173,769,269.00	\$114,871,600.00	\$58,897,669.00	\$6,669,959.00
JULIUS BAER INVESTMENT MANAGEMENT INC.	\$0.00	\$0.00	\$0.00	
MONDRIAN INVESTMENT PARTNERS	\$297,629,060.00	\$116,493,307.00	\$181,135,753.00	\$3,789,659.56
PIMCO INTL FIXED INCOME	\$1,481,948,114.00	\$1,407,115,412.00	\$74,832,702.00	(\$1,798,465.97)
ROGGE GLOBAL PARTNERS	\$233,880,552.00	\$419,731,535.00	(\$185,850,983.00)	\$8,572,701.73
WESTERN ASSET MANAGEMENT	\$173,222,622.00	\$427,817,694.00	(\$254,595,072.00)	\$12,077,289.66
<b>TOTAL</b>	<b>\$2,843,112,384.00</b>	<b>\$2,751,940,449.00</b>	<b>\$91,171,935.00</b>	<b>\$30,927,816.13</b>
<b>Short-term Investment Fund</b>	<b>\$618,645,447.97</b>	<b>\$854,301,151.88</b>	<b>(\$235,655,703.91)</b>	

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# FIXED INCOME SUMMARY

DOMESTIC MANAGERS PORTFOLIO SUMMARY

External Domestic



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September 30, 2007

**FIXED INCOME MANAGERS:**

<i>PORTFOLIO SUMMARY</i>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
LM CAPITAL - INVESTMENTS	\$197,276,022.89	99.95%	\$196,962,958.68	98.76%
LM CAPITAL - VENTURE	\$106,647.22	0.05%	\$2,482,790.69	1.24%
<b>TOTAL</b>	<u>\$197,382,670.11</u>	<u>100.00%</u>	<u>\$199,445,749.37</u>	<u>100.00%</u>

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# FIXED INCOME TRANSACTIONS

DOMESTIC MANAGERS PORTFOLIO TRANSACTIONS

External Domestic

September 30, 2007



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	PURCHASES	SALES	NET INVESTMENT	REALIZED CAPITAL GAIN/ LOSS
<b>FIXED INCOME MANAGERS</b>				
<i>PORTFOLIO TRANSACTIONS</i>				
LM CAPITAL - INVESTMENTS	\$10,557,746.00	\$9,603,924.00	\$953,822.00	\$15,341.94
LM CAPITAL - VENTURE	\$0.00	\$0.00	\$0.00	
<b>TOTAL</b>	<b>\$10,557,746.00</b>	<b>\$9,603,924.00</b>	<b>\$953,822.00</b>	<b>\$15,341.94</b>
<b>Short-term Investment Fund</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	

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October-07

FIXED INCOME TRANSACTIONS  
Member Home Loan Program

										This represents each program's portion of the total EAY% for all the total programs (calculated by dividing each program's par value \$amt by the total \$amt for all programs and then multiplying by each program's EAY%)		
Date of Commitment		Date of Payment	Loan Type	Nominal Rate	Wgtd % of Nominal Rate	Price	Wgtd Avg Price based on PAR value	Net Yield & (Bond Eq. Rate)	Market Value	Cost	Effective Annual Yield (to calculate see notes)	This represents the % that each loan funding contributes to that program
PURCHASES												
	Sep-81	Oct-07	FNMA 15YR	5.00 %					\$ 3,179,131.00	\$ 3,153,484.66	5.06 %	
	Sep-81	Oct-07	FNMA 30YR	6.00 %					\$ 1,039,135.00	\$ 1,047,137.62	6.09 %	
	Sep-81	Oct-07	FNMA 30YR	5.50 %					\$ 1,410,540.00	\$ 1,408,236.91	5.58 %	
	Sep-81	Oct-07	FNMA 30YR	5.50 %					\$ 25,048,768.00	\$ 25,007,659.46	5.58 %	
	Sep-81	Oct-07	FNMA 30YR	5.50 %					\$ 2,739,560.00	\$ 2,734,874.91	5.58 %	
	Sep-81	Oct-07		5.47 %					\$ 33,417,134.00	\$ 33,351,393.56	5.54 %	5.54 %
GRAND TOTAL OF PURCHASES:									\$ 33,417,134.00	\$33,351,393.56		5.54 %

FIXED INCOME TRANSACTIONS  
Member Home Loan Program

October-07

											This represents each program's portion of the total EAY% for all the total program: (calculated by dividing each program's par value \$amt by the total \$amt for all programs and then multiplying by each program's EAY%)									
Date of Commitment			Date of Payment		Loan Type		Nominal Rate		Wgtd % of Nominal Rate		Wgtd Avg Price based on PAR value		Net Yield & (Bond Eq. Rate)		Market Value		Cost		Effective Annual Yield (to calculate see notes)	This represents the % that each loan funding contributes to that program

SALES

For the month of October, there were no sales for AFL-CIO, CCMF, ULLICO, FNMA & GNMA Private Securities or FNMA & GNMA Personal Loans.

# High Yield Performance

## Performance VS Benchmark

### CalPERS High Yield

Total Rate of Return as of October 31, 2007

<u>Asset Class</u>	<b>1 Month</b>	<b>3 Months</b>	<b>Fiscal YTD</b>	<b>One Year</b>	<b>Annualized Return Since Inception *</b>
CalPERS High Yield	0.87%	3.20%	1.91%	7.03%	15.10%
CalPERS High Yield Cash Pay	0.79%	4.78%	1.21%	6.90%	7.29%

\*Prior data is not available as the High Yield portfolio was combined with the investment grade portfolio prior to November 1999.

# EQUITY SUMMARY

INTERNAL PORTFOLIO SUMMARY

Internal Domestic and International



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September 30, 2007

**EQUITY MANAGERS:**

<i>PORTFOLIO SUMMARY</i>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
ACTIVE CURRENCY OVERLAY - INTERNAL	-\$3,322,727.29	-0.01%	-\$3,322,727.29	0.00%
CALIFORNIA UNDERSERVED FUND	\$207,314,875.60	0.38%	\$206,858,068.51	0.22%
DOM ENHANCED INDEX STRATEGY	\$5,055,444,645.41	9.31%	\$5,256,610,360.17	5.52%
CASH EQUITIZATION	\$487,674.43	0.00%	\$487,674.43	0.00%
COMMODITIES	\$492,261,221.09	0.91%	\$550,064,681.71	0.58%
CURRENCY HEDGE MODIFICATION	\$3,599,476.47	0.01%	\$3,599,476.47	0.00%
CURRENCY OVERLAY - SWER - CASH EQUITY	-\$5,683,281.51	-0.01%	-\$5,683,281.51	-0.01%
DOMESTIC FUNDAMENTAL	\$1,054,783,580.16	1.94%	\$1,197,262,930.80	1.26%
DYNAMIC COMPLETION FUND	\$4,117,988,357.09	7.59%	\$4,936,780,560.97	5.19%
EXTERNAL DOMESTIC EQUITY TRANSITION	\$6,910,219.50	0.01%	\$6,709,852.50	0.01%
EXTERNAL INTERNATIONAL EQUITY TRANSITION	\$36,825,323.11	0.07%	\$33,152,636.28	0.03%
FUNDAMENTAL DEVELOPED INTL (EX-TOBACCO)	\$1,070,598,941.13	1.97%	\$1,173,397,125.28	1.23%
FUNDAMENTAL EMERGING MARKETS	\$100,038,251.61	0.18%	\$113,876,506.46	0.12%
INTERNAL DOMESTIC EQUITY TRANSITION	\$142,381,506.23	0.26%	\$142,256,692.02	0.15%
INTERNAL GOVERNANCE FOR OWNERS	\$200,648,437.10	0.37%	\$196,123,198.77	0.21%
INTERNAL INTERNATIONAL EQUITY TRANSITION	\$11,143,343.53	0.02%	\$11,143,343.53	0.01%
INTERNAL INTL EQ PERF ACCTG	\$18,991,298,496.33	34.98%	\$24,083,220,740.33	25.30%

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# EQUITY SUMMARY

## INTERNAL PORTFOLIO SUMMARY

Internal Domestic and International



**STATE STREET**  
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September 30, 2007

### EQUITY MANAGERS:

<i>PORTFOLIO SUMMARY</i>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
INTERNAL MICRO CAP PORTFOLIO	\$748,771,284.48	1.38%	\$785,521,644.26	0.83%
INTERNAL RELATIONAL	\$316,550,548.80	0.58%	\$436,919,732.82	0.46%
KNIGHT VINKE INTERNAL PORTFOLIO	\$156,864,079.07	0.29%	\$186,457,762.43	0.20%
NEW MOUNTAIN INTERNAL	\$100,000,000.00	0.18%	\$123,339,200.00	0.13%
PERS HOLDING FUND	\$53,130,783.59	0.10%	\$93,497,817.23	0.10%
PERS INTERNAL 2500 INDEX FUND	\$21,325,984,940.62	39.28%	\$55,536,899,715.65	58.35%
STRUCTURED EMERGING MARKETS	\$102,184,437.12	0.19%	\$114,633,218.23	0.12%
<b>TOTAL</b>	<u>\$54,286,204,413.67</u>	<u>100.00%</u>	<u>\$95,179,806,930.05</u>	<u>100.00%</u>

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# EQUITY TRANSACTIONS

INTERNAL PORTFOLIO TRANSACTIONS

Internal Management

September 30, 2007



**STATE STREET**  
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INTERNAL MANAGEMENT	PURCHASES	SALES	NET INVESTMENT	REALIZED CAPITAL GAIN/ LOSS
<i>PORTFOLIO TRANSACTIONS</i>				
ACTIVE CURRENCY OVERLAY - INTERNAL	\$0.00	\$0.00	\$0.00	
CALIFORNIA UNDERSERVED FUND	\$0.00	\$0.00	\$0.00	\$51,842.00
DOM ENHANCED INDEX STRATEGY	\$1,212,723,954.00	\$1,203,260,586.00	\$9,463,368.00	\$2,374,553.00
CASH EQUITIZATION	\$158,238.00	\$70,888.00	\$87,350.00	\$0.00
COMMODITIES	\$0.00	\$0.00	\$0.00	
CURRENCY HEDGE MODIFICATION	\$0.00	\$0.00	\$0.00	
CURRENCY OVERLAY - SWER - CASH EQUITY	\$0.00	\$0.00	\$0.00	
DOMESTIC FUNDAMENTAL	\$14,148,104.00	\$10,729,583.00	\$3,418,521.00	\$1,330,756.00
DYNAMIC COMPLETION FUND	\$26,928,711.00	\$21,378,685.00	\$5,550,026.00	\$5,736,917.00
EXTERNAL DOMESTIC EQUITY TRANSITION	\$178,376,481.00	\$171,719,854.00	\$6,656,627.00	(\$68,609.00)
EXTERNAL INTERNATIONAL EQUITY TRANSITION	\$56,717,632.00	\$58,653,657.00	(\$1,936,025.00)	\$2,053,234.00
FUNDAMENTAL DEVELOPED INTL (EX-TOBACCO)	\$11,985,366.00	\$7,887,945.00	\$4,097,421.00	\$174,890.00
FUNDAMENTAL EMERGING MARKETS	\$1,722,864.00	\$1,475,295.00	\$247,569.00	\$3,058.00
INTERNAL DOMESTIC EQUITY TRANSITION	\$4,055,956,214.00	\$4,126,108,038.00	(\$70,151,824.00)	\$74,220,309.00
INTERNAL GOVERNANCE FOR OWNERS	\$124,951,854.00	\$0.00	\$124,951,854.00	\$0.00
INTERNAL INTERNATIONAL EQUITY TRANSITION	\$0.00	\$0.00	\$0.00	
INTERNAL INTL EQ PERF ACCTG	\$0.00	\$0.00	\$0.00	
INTERNAL MICRO CAP PORTFOLIO	\$993,570.00	\$4,181,854.00	(\$3,188,284.00)	\$2,372,788.00
INTERNAL RELATIONAL	\$0.00	\$0.00	\$0.00	
KNIGHT VINKE INTERNAL PORTFOLIO	\$0.00	\$0.00	\$0.00	
NEW MOUNTAIN INTERNAL	\$0.00	\$0.00	\$0.00	
PERS HOLDING FUND	\$0.00	\$0.00	\$0.00	

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Prepared by State Street

# EQUITY TRANSACTIONS

INTERNAL PORTFOLIO TRANSACTIONS

Internal Management

September 30, 2007



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INTERNAL MANAGEMENT	PURCHASES	SALES	NET INVESTMENT	REALIZED CAPITAL GAIN/ LOSS
<i>PORTFOLIO TRANSACTIONS</i>				
PERS INTERNAL 2500 INDEX FUND	\$188,522,230.00	\$4,433,110,986.00	(\$4,244,588,756.00)	\$2,742,266,144.00
STRUCTURED EMERGING MARKETS	\$3,556,009.00	\$3,161,481.00	\$394,528.00	(\$464.00)
<b>TOTAL</b>	<b>\$5,876,741,227.00</b>	<b>\$10,041,738,852.00</b>	<b>(\$4,164,997,625.00)</b>	<b>\$2,830,515,418.00</b>
<b>Short-term Investment Fund</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	

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## **EQUITY SUMMARY AND TRANSACTIONS**

### **Corporate Actions**

PERF – 2500 Index Fund  
October 1-31, 2007

- AG Edwards (AGE) was acquired by Wachovia Corp (WB) for \$35.80 per share and .9844 shares of WB per share. CalPERS owned 311,100 shares of AGE and received \$23,142,108.64 for a gain \$11,137,380.00.
- Gateway Inc (GTW) was acquired by Acer Inc for \$1.90 per share. CalPERS owned 1,337,900 shares of GTW and received \$2,542,010.00 for a loss of \$5,167,486.79.
- Laidlaw International Inc (LI) was acquired by Firstgroup Plc (FGP) for \$35.25 per share. CalPERS owned 25,200 shares of LI and received \$888,300.00 for a gain of \$24,103.31.
- Playtex Products Inc (PYX) was acquired by Energizer Holdings Inc (ENR) for \$18.30 per share. CalPERS owned 4,100 shares of PYX and received \$75,030.00 for a gain of \$19,044.50.
- Arrow International Inc (ARRO) was acquired by Teleflex Inc (TFX) for \$45.50 per share. CalPERS owned 61,000 shares of ARRO and received \$2,775,500.00 for a gain of \$1,251,720.00.
- Catalina Marketing Corp (POS) was acquired by Hellman & Friedman LLC for \$32.50 per share. CalPERS owned 99,900 shares of POS and received \$3,246,750.00 for a gain of \$167,137.72.
- Accredited Home Lenders Holding Co (LEND) was acquired by Lone Star Funds for \$11.75 per share. CalPERS owned 56,728 shares of LEND and received \$666,554.00 for a loss of \$1,566,989.36.
- Guitar Center Inc (GTRC) was acquired by Bain Capital LLC for \$63.00 per share. CalPERS owned 124,300 shares of GTRC and received \$7,830,900.00 for a gain of \$5,989,059.86.
- Energy Future Holdings Corp (TXU) was acquired by a consortium for \$69.25 per share. CalPERS owned 1,711,300 shares of TXU and received \$118,507,525.00 for a gain of \$81,953,483.22.
- CDW Corp (CDWC) was acquired by Madison Dearborn Partners LLC for \$87.75 per share. CalPERS owned 274,180 shares of CDWC and received \$24,059,295.00 for a gain of \$20,722,919.21.
- Keystone Automotive Industries Inc (KEYS) was acquired by LKQ Corp (LKQX) for \$48.00 per share. CalPERS owned 125,600 shares of KEYS and received \$6,028,800 for a gain of \$1,348,602.64.

## **EQUITY SUMMARY AND TRANSACTIONS**

### **Corporate Actions**

- Ryerson Inc (RYI) was acquired by Platinum Equity Holdings LLC for \$34.50 per share. CalPERS owned 184,600 shares of RYI and received \$6,368,700.00 for a gain of \$2,683,998.90.
- Cytoc Corp (CYTC) was acquired by Hologic Inc (HOLX) for \$16.50 per share and .52 shares of HOLX per share. CalPERS owned 464,700 shares of CYTC and received \$14,971,257.07 for a gain of \$7,718,452.84.
- Avaya Inc (AV) was acquired by Sierra Holdings Corp for \$17.50 per share. CalPERS owned 1,420,840 shares of AV and received \$24,864,700 for a gain of \$13,594,353.60.
- Bausch & Lomb Inc (BOL) was acquired by Warburg Pincus LLC for \$65.00 per share. CalPERS owned 171,300 shares of BOL and received \$11,134,500.00 for a gain of \$7,482,817.55.
- Yardville National Bancorp (YANB) was acquired by PNC Financial Services Group Inc (PNC) for \$14.00 per share and .2923 shares of PNC per share. CalPERS owned 700 shares of YANB and received \$23,921.80 for a loss of \$1,583.75.

# EQUITY SUMMARY

DOMESTIC MANAGERS PORTFOLIO SUMMARY

External Domestic



**STATE STREET**  
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September 30, 2007

**EQUITY MANAGERS:**

<i>PORTFOLIO SUMMARY</i>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
ANALYTIC INVESTORS LONG/SHORT	\$1,044,636,835.68	4.71%	\$1,037,488,237.41	4.18%
ATLANTIC ASSET MANAGEMENT	\$420,703,520.59	1.90%	\$420,456,102.56	1.70%
AXA ROSENBERG INV MGMT	\$131,955,105.29	0.60%	\$150,248,747.47	0.61%
BGI - US RUSSELL 1000 ALPHA TILTS	\$1,146,969,615.73	5.17%	\$1,253,883,277.45	5.06%
BLUM STRATEGIC PARTNERS II	\$35,601,788.00	0.16%	\$34,642,726.59	0.14%
BLUM STRATEGIC PARTNERS III	\$188,756,092.05	0.85%	\$198,430,381.99	0.80%
BOSTON COMPANY ASSET MGMT	\$689,947,816.14	3.11%	\$828,086,541.04	3.34%
BREEDEN PARTNERS	\$474,460,000.00	2.14%	\$503,750,788.10	2.03%
BROADMARK-VENTURE	\$1,890,900.00	0.01%	\$0.00	0.00%
RELATIONAL INVESTORS	\$1,040,032,097.91	4.69%	\$1,302,896,050.53	5.25%
CALPERS HEDGE FUND - UBS	\$3,881,500,000.00	17.50%	\$4,417,609,135.00	17.81%
CALPERS HEDGE FUND PARTNERS	\$409,438,911.95	1.85%	\$826,858,284.03	3.33%
DENALI INVESTMENT ADVISORS-INVESTMENT	\$89,350,662.23	0.40%	\$102,127,824.25	0.41%
DENALI INVESTMENT ADVISORS-VENTURES	\$2,128,500.00	0.01%	\$2,904,659.65	0.01%
DENALI MIDCAP VALUE	\$90,707,546.68	0.41%	\$90,464,369.68	0.36%
FRANKLIN PORTFOLIO ASSOCIATES	\$1,013,108,519.95	4.57%	\$1,138,883,064.39	4.59%
GEEWAX TERKER & COMPANY	\$551,830,239.25	2.49%	\$609,309,700.72	2.46%
GOLDEN CAPITAL - ENHANCED LARGE CAP	\$753,810,635.68	3.40%	\$815,848,861.31	3.29%
GOLDEN CAPITAL, LLC	\$1.00	0.00%	\$0.00	0.00%
GOLDMAN SACHS SMALL CAP	\$471,809,093.86	2.13%	\$466,244,089.43	1.88%

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# EQUITY SUMMARY

DOMESTIC MANAGERS PORTFOLIO SUMMARY

External Domestic



**STATE STREET**  
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September 30, 2007

**EQUITY MANAGERS:**

<i>PORTFOLIO SUMMARY</i>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
INTECH	\$1,135,027,366.91	5.12%	\$1,305,274,263.10	5.26%
JACOBS LEVY LARGE CAP GROWTH	\$516,015,119.78	2.33%	\$549,309,595.63	2.22%
MARVIN & PALMER LARGE CAP GROWTH	\$480,090,452.30	2.17%	\$594,710,380.85	2.40%
NEW AMSTERDAM PARTNERS	\$75,064,041.98	0.34%	\$85,911,642.23	0.35%
NEW MOUNTAIN CAPITAL	\$200,000,000.00	0.90%	\$218,802,400.00	0.88%
PIEDMONT LARGE CAP CORE	\$100,737,454.34	0.45%	\$109,693,245.44	0.44%
PIEDMONT VENTURES	\$3,207,928.65	0.01%	\$3,207,928.65	0.01%
PZENA INVESTMENT MGMT	\$751,201,370.06	3.39%	\$796,989,557.96	3.21%
QMA LONG/SHORT	\$1,122,247,390.28	5.06%	\$1,148,959,653.15	4.63%
RIGEL CAPITAL MGMT-LARGE CAP GROWTH	\$197,677,285.26	0.89%	\$226,688,017.40	0.91%
RIGEL CAPITAL MGMT-VENTURES	\$238,095.48	0.00%	\$7,902,508.03	0.03%
SANFORD C. BERSTEIN & CO.	\$715,653,552.55	3.23%	\$839,618,612.49	3.39%
SHAMROCK PARTNERS GOVERNANCE FUND, LLC	\$111,987,932.00	0.51%	\$128,607,277.07	0.52%
SHENANDOAH	\$155,473,297.50	0.70%	\$166,801,979.76	0.67%
SHENANDOAH ASSET MGMT-VENTURES	\$1,475,752.41	0.01%	\$733,252.67	0.00%
SMITH ASSET-LARGE CAP	\$155,049,277.21	0.70%	\$197,324,204.74	0.80%
SMITH ASSET-SMALL CAP	\$56,682,355.87	0.26%	\$68,917,585.03	0.28%
SMITH ASSET-VENTURES	\$0.00	0.00%	\$12,036,184.36	0.05%
SMITH BREEDEN	\$709,464,932.08	3.20%	\$690,529,514.68	2.78%
SMITH GRAHAM & CO VENTURES	\$2,970,000.00	0.01%	\$2,970,000.00	0.01%

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# EQUITY SUMMARY

DOMESTIC MANAGERS PORTFOLIO SUMMARY

External Domestic



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September 30, 2007

**EQUITY MANAGERS:**

<i>PORTFOLIO SUMMARY</i>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
SSGA ENVIRO DOMESTIC	\$81,527,842.86	0.37%	\$90,940,296.84	0.37%
SSGA LONG/SHORT	\$1,021,061,515.69	4.60%	\$1,013,171,180.86	4.09%
STUX CAPITAL MGMT-INVESTMENTS	\$264,023,298.34	1.19%	\$291,604,133.50	1.18%
STUX CAPITAL MGMT-VENTURES	\$1,142,857.15	0.01%	\$2,003,293.73	0.01%
T. ROWE PRICE	\$645,481,908.17	2.91%	\$727,328,184.00	2.93%
TIMELESS INV & RES MGMT - VENTURE	\$1,302,347.08	0.01%	\$805,661.86	0.00%
TURNER LARGE CAP GROWTH	\$509,893,702.94	2.30%	\$611,228,060.00	2.46%
WAMCO	\$720,851,263.90	3.25%	\$706,616,851.57	2.85%
<b>TOTAL</b>	<b>\$22,174,186,222.78</b>	<b>100.00%</b>	<b>\$24,798,818,307.20</b>	<b>100.00%</b>

\* INCLUDES CASH AND CASH EQUIVALENTS

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# EQUITY TRANSACTIONS

DOMESTIC MANAGERS PORTFOLIO TRANSACTIONS

External Domestic

September 30, 2007



**STATE STREET**  
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<u>EQUITY MANAGERS</u>	<u>PURCHASES</u>	<u>SALES</u>	<u>NET INVESTMENT</u>	<u>REALIZED CAPITAL GAIN/ LOSS</u>
<i>PORTFOLIO TRANSACTIONS</i>				
ANALYTIC INVESTORS LONG/SHORT	\$228,225,269.00	\$223,373,297.00	\$4,851,972.00	\$2,136,376.49
ATLANTIC ASSET MANAGEMENT	\$147,408,556.00	\$119,413,396.00	\$27,995,160.00	(\$323,084.45)
AXA ROSENBERG INV MGMT	\$19,355,130.00	\$17,840,104.00	\$1,515,026.00	\$1,110,441.75
BGI - US RUSSELL 1000 ALPHA TILTS	\$101,176,629.00	\$99,280,762.00	\$1,895,867.00	\$7,811,170.68
BLUM STRATEGIC PARTNERS II	\$0.00	\$0.00	\$0.00	
BLUM STRATEGIC PARTNERS III	\$0.00	\$6,294,542.00	(\$6,294,542.00)	(\$423,938.95)
BOSTON COMPANY ASSET MGMT	\$27,092,463.00	\$26,633,198.00	\$459,265.00	\$890,725.04
BREEDEN PARTNERS	\$26,700,000.00	\$0.00	\$26,700,000.00	\$0.00
BROADMARK-VENTURE	\$0.00	\$0.00	\$0.00	
RELATIONAL INVESTORS	\$20,000,000.00	\$0.00	\$20,000,000.00	\$0.00
CALPERS HEDGE FUND - UBS	\$150,000,000.00	\$0.00	\$150,000,000.00	\$0.00
CALPERS HEDGE FUND PARTNERS	\$0.00	\$187,352.00	(\$187,352.00)	\$9.12
DENALI INVESTMENT ADVISORS-INVESTM	\$14,121,815.00	\$106,549,261.00	(\$92,427,446.00)	\$13,732,432.92
DENALI INVESTMENT ADVISORS-VENTURE	\$0.00	\$0.00	\$0.00	
DENALI MIDCAP VALUE	\$90,707,430.00	\$0.00	\$90,707,430.00	\$0.00
FRANKLIN PORTFOLIO ASSOCIATES	\$100,102,664.00	\$98,015,325.00	\$2,087,339.00	\$2,690,994.65
GEEWAX TERKER & COMPANY	\$154,613,451.00	\$152,149,329.00	\$2,464,122.00	\$4,822,852.77

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# EQUITY TRANSACTIONS

DOMESTIC MANAGERS PORTFOLIO TRANSACTIONS

External Domestic

September 30, 2007



**STATE STREET**  
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<u>EQUITY MANAGERS</u>	<u>PURCHASES</u>	<u>SALES</u>	<u>NET INVESTMENT</u>	<u>REALIZED CAPITAL GAIN/ LOSS</u>
<i>PORTFOLIO TRANSACTIONS</i>				
GOLDEN CAPITAL - ENHANCED LARGE C	\$1,818,583.00	\$0.00	\$1,818,583.00	\$0.00
GOLDEN CAPITAL, LLC	\$0.00	\$0.00	\$0.00	
GOLDMAN SACHS SMALL CAP	\$48,597,503.00	\$48,667,404.00	(\$69,901.00)	(\$2,476,041.14)
INTECH	\$123,548,391.00	\$119,075,953.00	\$4,472,438.00	\$2,760,158.78
JACOBS LEVY LARGE CAP GROWTH	\$64,468,958.00	\$63,787,809.00	\$681,149.00	\$2,335,246.81
MARVIN & PALMER LARGE CAP GROWTH	\$40,911,730.00	\$49,539,785.00	(\$8,628,055.00)	\$358,755.29
NEW AMSTERDAM PARTNERS	\$8,336,463.00	\$7,856,384.00	\$480,079.00	(\$92,099.68)
NEW MOUNTAIN CAPITAL	\$0.00	\$0.00	\$0.00	
PIEDMONT LARGE CAP CORE	\$2,805,284.00	\$2,554,680.00	\$250,604.00	(\$231,764.10)
PIEDMONT VENTURES	\$0.00	\$0.00	\$0.00	
PZENA INVESTMENT MGMT	\$22,704,050.00	\$19,769,444.00	\$2,934,606.00	\$1,931,364.74
QMA LONG/SHORT	\$141,159,081.00	\$137,301,190.00	\$3,857,891.00	(\$4,090,431.74)
RIGEL CAPITAL MGMT-LARGE CAP GROWT	\$30,967,952.00	\$28,037,467.00	\$2,930,485.00	\$34,273.78
RIGEL CAPITAL MGMT-VENTURES	\$0.00	\$0.00	\$0.00	
SANFORD C. BERSTEIN & CO.	\$95,552,826.00	\$88,499,200.00	\$7,053,626.00	(\$9,111,374.10)
SHAMROCK PARTNERS GOVERNANCE FU	\$6,800,000.00	\$0.00	\$6,800,000.00	\$0.00
SHENANDOAH	\$8,671,713.00	\$8,606,709.00	\$65,004.00	\$778,159.10

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# EQUITY TRANSACTIONS

DOMESTIC MANAGERS PORTFOLIO TRANSACTIONS

External Domestic

September 30, 2007



**STATE STREET**  
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<u>EQUITY MANAGERS</u>	<u>PURCHASES</u>	<u>SALES</u>	<u>NET INVESTMENT</u>	<u>REALIZED CAPITAL GAIN/ LOSS</u>
<i>PORTFOLIO TRANSACTIONS</i>				
SHENANDOAH ASSET MGMT-VENTURES	\$0.00	\$0.00	\$0.00	
SMITH ASSET-LARGE CAP	\$15,624,853.00	\$11,158,062.00	\$4,466,791.00	(\$1,006,400.38)
SMITH ASSET-SMALL CAP	\$11,731,441.00	\$10,885,308.00	\$846,133.00	\$1,763,243.08
SMITH ASSET-VENTURES	\$0.00	\$0.00	\$0.00	
SMITH BREEDEN	\$239,789,943.00	\$171,447,674.00	\$68,342,269.00	(\$2,229,877.03)
SMITH GRAHAM & CO VENTURES	\$0.00	\$0.00	\$0.00	
SSGA ENVIRO DOMESTIC	\$22,939,988.00	\$22,812,303.00	\$127,685.00	\$947,835.99
SSGA LONG/SHORT	\$81,281,612.00	\$79,132,183.00	\$2,149,429.00	\$257,497.41
STUX CAPITAL MGMT-INVESTMENTS	\$46,724,418.00	\$45,992,783.00	\$731,635.00	\$3,875,289.89
STUX CAPITAL MGMT-VENTURES	\$0.00	\$0.00	\$0.00	
T. ROWE PRICE	\$24,313,110.00	\$25,292,954.00	(\$979,844.00)	\$3,807,329.59
TIMELESS INV & RES MGMT - VENTURE	\$0.00	\$0.00	\$0.00	
TURNER LARGE CAP GROWTH	\$48,387,529.00	\$46,766,753.00	\$1,620,776.00	\$1,750,712.39
WAMCO	\$204,972,150.00	\$160,296,842.00	\$44,675,308.00	\$573,035.31

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# EQUITY TRANSACTIONS

DOMESTIC MANAGERS PORTFOLIO TRANSACTIONS

External Domestic

September 30, 2007



**STATE STREET**  
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<u>EQUITY MANAGERS</u>	<u>PURCHASES</u>	<u>SALES</u>	<u>NET INVESTMENT</u>	<u>REALIZED CAPITAL GAIN/ LOSS</u>
<i>PORTFOLIO TRANSACTIONS</i>				
<b>TOTAL</b>	\$2,371,610,985.00	\$1,997,217,453.00	\$374,393,532.00	\$34,382,894.01
<b>Short-term Investment Fund</b>	\$677,806.67	\$3,154,106.14	(\$2,476,299.47)	

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# EQUITY SUMMARY

INTERNATIONAL MANAGERS

External International



**STATE STREET**  
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September 30, 2007

**EQUITY MANAGERS:**

<i>PORTFOLIO SUMMARY</i>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
47 DEGREES NORTH FUND OF EMERGING FUNDS	\$100,000,000.00	0.50%	\$101,190,000.00	0.37%
ACADIAN ASSET MANAGEMENT	\$1,216,566,598.81	6.07%	\$1,478,216,678.91	5.40%
ALLIANCE BERSTEIN	\$912,633,314.17	4.56%	\$1,474,449,579.45	5.38%
ALLIANCE LARGE CAP GROWTH	\$555,174,632.64	2.77%	\$715,238,808.56	2.61%
ALLIANCE STRATEGIC VALUE	\$624,646,093.22	3.12%	\$801,214,853.74	2.93%
AQR CAPITAL MANAGEMENT, LLC	\$1,123,732,574.82	5.61%	\$1,338,288,814.08	4.89%
ARROWSTREET CAPITAL	\$1,089,859,016.51	5.44%	\$1,280,821,239.38	4.68%
ARROWSTREET CAPITAL L.P. - VENTURES	\$78,437.50	0.00%	\$5,631,719.87	0.02%
ARROWSTREET-INVESTMENTS	\$190,469,428.20	0.95%	\$221,550,248.22	0.81%
ARTISAN PARTNERS, LP.	\$1,684.80	0.00%	\$1,684.80	0.00%
AXA ROSENBERG INVESTMENT MANAGEMENT LLC	\$1,039,239,665.28	5.19%	\$1,416,037,000.20	5.17%
BAILLIE GIFFORD OVERSEAS LTD	\$721,574,139.73	3.60%	\$1,279,392,447.34	4.67%
BARING INTERNATIONAL INVESTMENT, LTD.	\$746,696,781.73	3.73%	\$1,014,562,858.71	3.71%
BATTERYMARCH EMERGING MKTS	\$531,059,943.93	2.65%	\$608,524,423.51	2.22%
BGI - INTL ALPHA TILTS	\$1,248,069,718.88	6.23%	\$1,532,304,002.55	5.60%
BRANDYWINE ASSET MGMT	\$80,239,559.85	0.40%	\$90,236,871.12	0.33%
CAPITAL GUARDIAN TRUST COMPANY	\$560,180,570.12	2.80%	\$769,187,499.31	2.81%
DIMENSIONAL FUND ADVISORS, INC.	\$556,462,567.04	2.78%	\$1,428,747,620.25	5.22%
ERMITAGE EUROPEAN FUND OF FUNDS	\$125,000,000.00	0.62%	\$132,485,125.00	0.48%
EUROPANEL EUROPEAN FUND OF FUNDS	\$100,000,000.00	0.50%	\$107,339,200.00	0.39%

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# EQUITY SUMMARY

INTERNATIONAL MANAGERS

External International



**STATE STREET**  
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September 30, 2007

**EQUITY MANAGERS:**

<i>PORTFOLIO SUMMARY</i>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
FORTRESS - GAGFAH	\$103,750,089.91	0.52%	\$85,657,759.92	0.31%
FORTRESS - GAGFAH OVERLAY	-\$10,123,914.64	-0.05%	-\$10,123,914.64	-0.04%
GENESIS ASSET MANAGERS	\$959,191,374.61	4.79%	\$1,433,465,394.09	5.24%
GOVERNANCE FOR OWNERS	\$199,607,737.17	1.00%	\$241,798,494.89	0.88%
GRANTHAM, MAYO, VO & CO., LLC	\$837,168,361.51	4.18%	\$1,224,586,827.37	4.47%
HERMES EUROPEAN FUND	\$100,000,000.00	0.50%	\$287,777,560.40	1.05%
HERMES FOCUS ASSET MANAGEMENT LIMITED	\$218,873,996.78	1.09%	\$421,184,103.10	1.54%
INTERNATIONAL REIT	\$554,294,742.64	2.77%	\$704,592,424.62	2.57%
KCB ASIAN FUND OF FUNDS	\$150,000,000.00	0.75%	\$166,068,000.00	0.61%
KNIGHT VINKE INSTITUTIONAL PARTNERS	\$83,881,541.50	0.42%	\$140,840,778.21	0.51%
LAZARD EMERGING MKTS	\$572,785,017.87	2.86%	\$616,668,883.92	2.25%
NEW STAR INSTITUTIONAL MANAGERS LTD.	\$597,808,700.06	2.98%	\$748,424,668.07	2.73%
NOMURA ASSET MANAGEMENT USA INC.	\$903,295,009.36	4.51%	\$1,336,829,004.81	4.88%
NORTHROAD CAPITAL MGMT - VENTURES	\$1,453,721.26	0.01%	\$4,352,688.59	0.02%
NORTHROAD CAPITAL MGMT-INVESTMENTS	\$83,960,310.13	0.42%	\$110,198,200.22	0.40%
OECHSLE INTERNATIONAL ADVISORS	\$0.20	0.00%	\$0.20	0.00%
PARETO CURRENCY OVERLAY	-\$111,112,327.16	-0.55%	-\$112,057,816.31	-0.41%
PICTET EMERGING MKTS	\$522,375,285.10	2.61%	\$605,815,355.57	2.21%
PYRFORD INTL PLC-INVESTMENTS	\$91,134,123.10	0.45%	\$105,031,280.42	0.38%
PYRFORD INTL PLC-VENTURES	\$24,066.74	0.00%	\$6,410,866.29	0.02%

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When summing net amounts on this report, there may be breakage.

Prepared by State Street

# EQUITY SUMMARY

INTERNATIONAL MANAGERS

External International



**STATE STREET**  
Serving Institutional Investors Worldwide™

September 30, 2007

**EQUITY MANAGERS:**

<i>PORTFOLIO SUMMARY</i>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
QMA INTERNATIONAL	\$926,533,722.76	4.63%	\$1,095,955,995.21	4.00%
ROBECO USA	\$541,226,398.31	2.70%	\$672,462,313.17	2.46%
SPARX ASIAN FUND OF FUNDS	\$75,000,000.00	0.37%	\$88,908,975.00	0.32%
SPARX VALUE CREATION FUND	\$370,410,886.21	1.85%	\$508,499,694.18	1.86%
SSGA CURRENCY FORWARDS	-\$72,368,315.66	-0.36%	-\$72,368,315.66	-0.26%
SSGA ENVIRO INTL	\$115,246,691.23	0.58%	\$139,247,009.44	0.51%
STATE STREET BANK AND TRUST COMPANY	\$1,209,007.09	0.01%	\$1,209,007.09	0.00%
TAIYO FUND MANAGEMENT CO. LLC	\$395,284,924.00	1.97%	\$698,022,579.31	2.55%
UBS EUROPEAN FUND OF FUNDS	\$150,000,000.00	0.75%	\$162,646,050.00	0.59%
VISION ASIAN FUND OF FUNDS	\$150,000,000.00	0.75%	\$174,098,250.00	0.64%
<b>TOTAL</b>	<b>\$20,032,595,877.31</b>	<b>100.00%</b>	<b>\$27,381,622,792.48</b>	<b>100.00%</b>

\* INCLUDES CASH AND CASH EQUIVALENTS

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Prepared by State Street

# EQUITY TRANSACTIONS

INTERNATIONAL MANAGERS

External International

September 30, 2007



**STATE STREET**  
Serving Institutional Investors Worldwide

## EQUITY MANAGERS:

<i>PORTFOLIO TRANSACTIONS</i>	<u>PURCHASES</u>	<u>SALES</u>	<u>NET INVESTMENT</u>	<u>REALIZED CAPITAL GAIN/ LOSS</u>
47 DEGREES NORTH FUND OF EMERGING FUNDS	\$0.00	\$0.00	\$0.00	
ACADIAN ASSET MANAGEMENT	\$84,183,173.00	\$77,750,011.00	\$6,433,162.00	\$19,377,861.64
ALLIANCE BERSTEIN	\$22,335,632.00	\$49,464,798.00	(\$27,129,166.00)	\$30,476,060.88
ALLIANCE LARGE CAP GROWTH	\$50,843,355.00	\$56,770,445.00	(\$5,927,090.00)	\$1,626,435.49
ALLIANCE STRATEGIC VALUE	\$32,472,518.00	\$12,580,160.00	\$19,892,358.00	\$906,218.14
AQR CAPITAL MANAGEMENT, LLC	\$161,584,707.00	\$202,249,423.00	(\$40,664,716.00)	\$27,596,997.66
ARROWSTREET CAPITAL	\$109,642,042.00	\$102,538,230.00	\$7,103,812.00	\$6,616,008.93
ARROWSTREET CAPITAL L.P. - VENTURES	\$0.00	\$0.00	\$0.00	
ARROWSTREET-INVESTMENTS	\$20,509,675.00	\$18,811,736.00	\$1,697,939.00	\$1,766,614.73
ARTISAN PARTNERS, LP.	\$0.00	\$0.00	\$0.00	
AXA ROSENBERG INVESTMENT MANAGEMENT LLC	\$45,321,020.00	\$42,905,258.00	\$2,415,762.00	\$1,111,328.01
BAILLIE GIFFORD OVERSEAS LTD	\$31,814,710.00	\$32,094,238.00	(\$279,528.00)	\$10,271,596.56
BARING INTERNATIONAL INVESTMENT, LTD.	\$17,056,282.00	\$17,000,000.00	\$56,282.00	\$1,802,694.28
BATTERYMARCH EMERGING MKTS	\$39,823,703.00	\$42,761,498.00	(\$2,937,795.00)	(\$339,207.44)
BGI - INTL ALPHA TILTS	\$70,872,869.00	\$65,536,281.00	\$5,336,588.00	\$10,288,868.78
BRANDYWINE ASSET MGMT	\$907,442.00	\$646,955.00	\$260,487.00	(\$297,469.52)
CAPITAL GUARDIAN TRUST COMPANY	\$407,039,362.00	\$409,421,976.00	(\$2,382,614.00)	\$8,699,044.65
DIMENSIONAL FUND ADVISORS, INC.	\$8,523,019.00	\$5,152,955.00	\$3,370,064.00	(\$787,489.94)
ERMITAGE EUROPEAN FUND OF FUNDS	\$0.00	\$0.00	\$0.00	
EUROPANEL EUROPEAN FUND OF FUNDS	\$0.00	\$0.00	\$0.00	
FORTRESS - GAGFAH	\$0.00	\$0.00	\$0.00	
FORTRESS - GAGFAH OVERLAY	\$0.00	\$0.00	\$0.00	
GENESIS ASSET MANAGERS	\$31,512,292.00	\$39,738,096.00	(\$8,225,804.00)	\$14,607,987.88

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Prepared by State Street

# EQUITY TRANSACTIONS

INTERNATIONAL MANAGERS

External International

September 30, 2007



**STATE STREET**  
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## EQUITY MANAGERS:

	<u>PURCHASES</u>	<u>SALES</u>	<u>NET INVESTMENT</u>	<u>REALIZED CAPITAL GAIN/ LOSS</u>
<i>PORTFOLIO TRANSACTIONS</i>				
GOVERNANCE FOR OWNERS	\$0.00	\$0.00	\$0.00	
GRANTHAM, MAYO, VO & CO., LLC	\$447,973,088.00	\$450,389,151.00	(\$2,416,063.00)	\$9,984,911.59
HERMES EUROPEAN FUND	\$0.00	\$0.00	\$0.00	
HERMES FOCUS ASSET MANAGEMENT LIMITED	\$0.00	\$0.00	\$0.00	
INTERNATIONAL REIT	\$28,726,061.00	\$19,416,527.00	\$9,309,534.00	\$929,595.24
KCB ASIAN FUND OF FUNDS	\$0.00	\$0.00	\$0.00	
KNIGHT VINKE INSTITUTIONAL PARTNERS	\$0.00	\$0.00	\$0.00	
LAZARD EMERGING MKTS	\$27,612,106.00	\$32,838,045.00	(\$5,225,939.00)	\$2,497,893.88
NEW STAR INSTITUTIONAL MANAGERS LTD.	\$30,975,710.00	\$38,613,463.00	(\$7,637,753.00)	\$1,812,173.64
NOMURA ASSET MANAGEMENT USA INC.	\$40,680,818.00	\$30,433,232.00	\$10,247,586.00	\$6,448,827.13
NORTHROAD CAPITAL MGMT - VENTURES	\$0.00	\$0.00	\$0.00	
NORTHROAD CAPITAL MGMT-INVESTMENTS	\$0.00	\$0.00	\$0.00	\$0.00
OECHSLE INTERNATIONAL ADVISORS	\$0.00	\$0.00	\$0.00	
PARETO CURRENCY OVERLAY	\$0.00	\$0.00	\$0.00	
PHILLIPE INVTMT MGMT-VENTURES	\$0.00	\$0.00	\$0.00	
PICTET EMERGING MKTS	\$44,117,204.00	\$44,570,815.00	(\$453,611.00)	\$2,002,239.37
PYRFORD INTL PLC-INVESTMENTS	\$930,243.00	\$57,647,875.00	(\$56,717,632.00)	\$4,720,360.15
PYRFORD INTL PLC-VENTURES	\$0.00	\$0.00	\$0.00	
QMA INTERNATIONAL	\$74,190,563.00	\$72,329,005.00	\$1,861,558.00	\$8,105,706.25
ROBECO USA	\$13,174,660.00	\$17,600,962.00	(\$4,426,302.00)	(\$3,571,198.92)
SPARX ASIAN FUND OF FUNDS	\$0.00	\$0.00	\$0.00	
SPARX VALUE CREATION FUND	\$0.00	\$6,318,492.00	(\$6,318,492.00)	\$0.00
SSGA CURRENCY FORWARDS	\$0.00	\$0.00	\$0.00	

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Prepared by State Street

# EQUITY TRANSACTIONS

INTERNATIONAL MANAGERS

External International

September 30, 2007



**STATE STREET**  
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**EQUITY MANAGERS:**

	<b><u>PURCHASES</u></b>	<b><u>SALES</u></b>	<b><u>NET INVESTMENT</u></b>	<b><u>REALIZED CAPITAL GAIN/ LOSS</u></b>
<i>PORTFOLIO TRANSACTIONS</i>				
SSGA ENVIRO INTL	\$9,282,256.00	\$8,684,295.00	\$597,961.00	\$1,560,294.68
STATE STREET BANK AND TRUST COMPANY	\$0.00	\$0.00	\$0.00	
TAIYO FUND MANAGEMENT CO. LLC	\$0.00	\$0.00	\$0.00	
UBS EUROPEAN FUND OF FUNDS	\$0.00	\$0.00	\$0.00	
VISION ASIAN FUND OF FUNDS	\$0.00	\$0.00	\$0.00	
<b>TOTAL</b>	<b>\$1,852,104,510.00</b>	<b>\$1,954,263,922.00</b>	<b>(\$102,159,412.00)</b>	<b>\$168,214,353.74</b>
Short- Term Investment Fund	\$227,320,253.04	\$146,078,920.06	\$81,241,332.98	

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Prepared by State Street

CURRENT STATUS OF ALL COMPLETED CALPERS REAL ESTATE EQUITY TRANSACTIONS FOR SEPTEMBER 2007

ADVISOR	PROPERTY TYPE	PROPERTY NAME	CITY	STATE	MOST RECENT APPRAISED VALUE *	ACQUISITION DATE **	DISPOSITION DATE **	HISTORIC COST *	CALPERS EQUITY SHARE OF TRANSACTION AMOUNT	ESTIMATED AFTER FEE IRR *	STATUS/ COMMENTS
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DISPOSITIONS

Global Innovation Partners	Technology	Sunset Gower Studios	Hollywood	CA	102,100,000	11/23/04	08/14/07	144,500,000	58,000,000	43.60%	Disposition
Western Multifamily	CORE	The Bluffs	Highlands	CO	42,630,000	03/30/00	09/12/07	35,700,672	45,841,202	9.41%	Disposition
Western Multifamily	CORE	The Fairways at Raccoon Creek	Littleton	CO	44,198,000	07/22/99	09/12/07	33,023,419	47,834,550	11.27%	Disposition
LaSalle-CalEast	CORE	CenterPoint JV	Gurnee	IL	117,600,000	07/27/00	09/18/07	89,138,576	20,211,704	8.25%	Disposition
Western Multifamily	CORE	Carriages at Fairwood Downs	Renton	WA	54,880,000	12/06/00	09/27/07	39,079,260	60,078,124	12.88%	Disposition
RREEF-CalWest	CORE	DB RREEF Industrial JV	Various		215,282,367	09/30/04	09/30/07	122,251,385	218,657,197	31.60%	Disposition

TOTAL

450,622,777

ACQUISITIONS \*\*\*

RREEF-CalSmart	CURE	Citigate	Jacksonville	FL	N/A	09/14/07	N/A	N/A	2,928,945	15.9%	Acquisition
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TOTAL

2,928,945

Footnotes

- \* The most recent appraised values and historic cost values represent CalPERS' share only.
- \* Based upon data provided by partners.
- \*\* Based on funding settlement date.
- \*\*\* See brief descriptions - As attached.

## **ACQUISITION SUMMARY**

<b>Advisor/Partnership Name:</b>	RREEF
<b>Property Name:</b>	Citigate
<b>City, State:</b>	Jacksonville, FL
<b>Ownership:</b>	90% CalSmart/ 10% Le Craw
<b>Acquisition Date:</b>	September 14, 2007
<b>Total Project Size:</b>	40.36 acres
<b>Net Rentable Square Feet:</b>	416 units
<b>Project Purchase Price (CalPERS Equity)*:</b>	\$2,928,945.27 (see comment #1 below)
<b>Leverage Portion of Purchase*:</b>	\$7,651,525 (see comment #2 below)

### **Property Highlights/Investment Summary:**

#### **Property location, sub-market description:**

The property is located in the Southside submarket of Jacksonville, FL. It is seven miles east of downtown, 10 miles west of the Atlantic Ocean and 17 miles southeast of Jacksonville International Airport. The property is surrounded by the largest employment and retail centers in the metropolitan area, including the Deerwood Office Park, Southpoint Office Park, St. Luke's Medical Campus, Tinseltown Shops and Cinema and the dominant shopping center in the region, Simon property Group's St. Johns Town Center, a 1.5 million square foot outdoor mall.

Jacksonville is Florida's leading financial and insurance center and home to many national and regional headquarters. Population growth is averaging 2.1% annually over the last three years and employment growth is averaging 3.4% over that same period. Major employers include, Blue Cross/Blue Shield, St. Luke's Hospital, Bank of America and Merrill Lynch.

#### **Property features, year built, developer, building type/class, square footage, parking details, Energy saving features, etc.:**

The project will consist of a 416 unit luxury garden apartment complex consisting of 13 elevator-equipped, four-story garden apartment buildings and a clubhouse. The average unit size will be 1,018 square feet consisting of 25% one bedroom units, 56% two-bedroom units and 19% three-bedroom units. Community amenities will include covered parking, a 3.5 acre lake, resort-style pool, state-of-the-art fitness center, movie theatre, business center, conversation area, car wash, sport court, and picnic and grill area. The units will include nine-foot ceilings, crown moldings, a modern appliance package and views.

#### **Summary leasing details, percentage leased, and historical lease rate percentages:**

N/A

<b>Projected After Fee Internal Rate of Return:</b>	15.9%
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\*Represents CalPERS' Share Only

**Comment #1:**

CalPERS originally funded from equity \$3,279,225 on September 14, 2007 for the acquisition of the land for this investment. Following closing on September 14, 2007, \$350,279.73 was returned back to CalPERS via wire as a result of excess funding for the acquisition and associated closing costs. Total CalPERS equity commitment for the investment is approximately \$16 million.

**Comment #2:**

The acquisition was closed with equity and the use of CalSmart's line of credit. The amount shown is CalPERS share of the total placed on the line of credit. It is anticipated that the investment will leverage up to 75% of total cost, including construction as provided for in our operating agreement. This will include the use of the line of credit and a construction loan.

**INTERNAL PROGRAMS**  
**Alternative Investment Management (AIM) Program**  
**Transactions - October 2007**

<b>Partnerships</b>	<b>Date</b>	<b>Transaction</b>	<b>Amount</b>
AACP China Growth Investors	10.4.07	Capital call	\$4,204,324.00
Advent Latin American PE Fund III-D	10.1.07	Capital call	\$2,000,000.00
Advent Latin American PE Fund IV-D	10.1.07	Capital call	\$12,000,000.00
Affinity Asia Pacific Fund III	10.26.07	Capital call	\$7,956,152.98
Aisling Capital II	10.19.07	Capital call	\$17,783,514.83
Alta Communications VIII	10.19.07	Capital call	\$1,500,000.00
Alta Partners VIII	10.2.07	Capital call	\$1,500,000.00
AP Investment Europe Limited	10.1.07	Capital call	\$50,471,745.00
Apollo Asia Opportunity Fund	10.1.07	Capital call	\$50,000,000.00
ArcLight Energy Partners Fund III	10.26.07	Capital call	\$29,436,902.00
ArcLight Energy Partners Fund IV	10.26.07	Capital call	\$70,222,083.00
Ares Corporate Opportunities	10.1.07	Capital call	\$178,274.74
Ares Corporate Opportunities II	10.1.07	Capital call	\$856,778.32
	10.11.07	Capital call	\$15,496,368.04
Ares Distressed Securities	10.3.07	Capital call	\$562,500.00
Audax Mezzanine Fund II	10.5.07	Capital call	\$1,021,700.00
Audax Private Equity Fund II	10.4.07	Capital call	\$16,685,716.00
Aurora Equity Partners II	10.1.07	Capital call	\$87,987.00
Aurora Equity Partners III	10.1.07	Capital call	\$407,299.00
Aurora Resurgence Fund [C]	10.1.07	Capital call	\$2,500,000.00
Avenue Special Situations Fund V	10.30.07	Capital call	\$20,000,000.00
Baring Vostok Fund IV	10.22.07	Capital call	\$832,000.00
Baring Vostok Fund IV Supplemental	10.22.07	Capital call	\$40,250.00
Belvedere Capital Fund II	10.19.07	Capital call	\$996,255.55
Birch Hill Equity Partners III	10.1.07	Capital call	\$1,448,266.01
	10.24.07	Capital call	\$992,647.05
Blackstone Capital Partners V	10.23.07	Capital call	\$47,435,231.00

**INTERNAL PROGRAMS**  
**Alternative Investment Management (AIM) Program**  
**Transactions - October 2007**

<b>Partnerships</b>	<b>Date</b>	<b>Transaction</b>	<b>Amount</b>
Blackstone Management Partners V	10.18.07	Capital call	\$474,472.00
Candover 2005	10.19.07	Capital call	\$1,876,424.00
Capital Link Fund I	10.3.07	Capital call	\$21,347,879.00
	10.3.07	Capital call	\$3,318,301.00
	10.29.07	Capital call	\$385,000.00
	10.31.07	Capital call	\$869,026.00
Carlyle IV Telecommunications	10.18.07	Capital call	\$8,552,993.00
Carlyle/Riverstone Global Energy III	10.5.07	Capital call	\$29,295,102.89
Centinela	10.3.07	Capital call	\$226,052.00
	10.3.07	Capital call	\$71,027.00
	10.31.07	Capital call	\$18,601.00
CEV	10.2.07	Capital call	\$1,078,000.00
CEV II	10.5.07	Capital call	\$499,850.00
	10.15.07	Capital call	\$2,013,873.00
	10.29.07	Capital call	\$477,900.00
CEV III	10.10.07	Capital call	\$1,674,650.00
	10.17.07	Capital call	\$1,331,200.00
	10.24.07	Capital call	\$544,200.00
CEV IV	10.4.07	Capital call	\$646,880.00
	10.5.07	Capital call	\$1,788,140.00
	10.11.07	Capital call	\$990,120.00
	10.12.07	Capital call	\$77,800.00
	10.18.07	Capital call	\$554,320.00
	10.30.07	Capital call	\$696,900.00
Clarus Lifesciences I	10.1.07	Capital call	\$2,137,500.00
Clearstone Venture Partners III-A	10.2.07	Capital call	\$1,000,000.00

**INTERNAL PROGRAMS**  
**Alternative Investment Management (AIM) Program**  
**Transactions - October 2007**

Partnerships	Date	Transaction	Amount
Clessidra SGR	10.1.07	Capital call	\$178,405.00
	10.1.07	Capital call	\$1,605,645.00
Crimson Capital China	10.22.07	Capital call	\$9,000,000.00
CVC Capital Partners Asia Pacific II	10.25.07	Capital call	\$7,434,141.26
CVC European Equity Partners IV-D	10.5.07	Capital call	\$30,681,855.00
	10.17.07	Capital call	\$25,769,828.00
CVC European Equity Tandem [B]	10.5.07	Capital call	\$39,098,689.00
	10.17.07	Capital call	\$27,250,862.00
Doyle & Boissiere	10.5.07	Capital call	\$121,055.00
EMAlternatives Investments	10.3.07	Capital call	\$256,176.23
First Reserve Fund XI	10.16.07	Capital call	\$3,245,212.00
	10.31.07	Capital call	\$3,245,805.00
Golden State Investment Fund	10.1.07	Capital call	\$5,057,920.47
	10.16.07	Capital call	\$1,093,750.00
	10.18.07	Capital call	\$2,742,697.31
Granite Global Ventures II	10.10.07	Capital call	\$300,000.00
Health Evolution Partners	10.3.07	Capital call	\$660,000.00
	10.3.07	Capital call	\$6,600.00
	10.12.07	Capital call	\$5,839,041.00
KKR 2006 Fund LP #1	10.5.07	Capital call	\$61,662,000.00
Lexington Middle Market Investors	10.1.07	Capital call	\$909,088.00
Lime Rock Partners III	10.29.07	Capital call	\$331,186.00
Lombard Asia III	10.26.07	Capital call	\$260,000.00
Madison Dearborn Capital V-A	10.1.07	Capital call	\$7,597,851.00
Magnum Capital	10.15.07	Capital call	\$833,640.00
Markstone Capital Partners	10.29.07	Capital call	\$3,112,912.00
New Mountain Partners III	10.23.07	Capital call	\$2,759,739.00
Newbridge Asia IV	10.26.07	Capital call	\$18,446,757.00
NGEN II	10.16.07	Capital call	\$80,277.23

**INTERNAL PROGRAMS**  
**Alternative Investment Management (AIM) Program**  
**Transactions - October 2007**

Partnerships	Date	Transaction	Amount
Nogales Investors Fund I	10.1.07	Capital call	\$144,292.92
Nogales Investors Fund II	10.2.07	Capital call	\$332,279.35
Paladin Homeland Security	10.25.07	Capital call	\$265,685.00
Palladium Equity Partners III	10.2.07	Capital call	\$2,047,796.96
	10.2.07	Capital call	\$1,288,361.57
PCG Clean Energy & Technology	10.4.07	Capital call	\$766,766.00
PCG International Emerging Markets	10.2.07	Capital call	\$763,172.00
	10.9.07	Capital call	\$3,480,432.00
Prospect Venture Partners III	10.3.07	Capital call	\$1,500,000.00
Providence Equity Partners VI	10.19.07	Capital call	\$11,240,408.00
Q Street Management	10.26.07	Capital call	\$313,119.51
Quadrangle AIV2 Capital Partners II	10.17.07	Capital call	\$3,119,494.00
Quadrangle Capital Partners II	10.1.07	Capital call	\$2,835,904.00
RFG Private Equity No. 1A	10.17.07	Capital call	\$400,454.00
Sacramento Private Equity Partners	10.5.07	Capital call	\$1,727,380.95
	10.23.07	Capital call	\$10,000,000.00
	10.29.07	Capital call	\$1,904,761.90
Silver Lake Partners II	10.22.07	Capital call	\$7,148,980.00
Silver Lake Partners III	10.22.07	Capital call	\$29,264,902.00
Silver Lake Sumeru	10.2.07	Capital call	\$7,188,837.00
TA Subordinated Debt Fund II	10.11.07	Capital call	\$1,300,000.00
TA X	10.15.07	Capital call	\$1,500,000.00
Tailwind Capital Partners	10.10.07	Capital call	\$1,687,514.00
Texas Energy Future Co-Invest	10.3.07	Capital call	\$75,039,662.00
Thomas Weisel Healthcare Venture	10.22.07	Capital call	\$157,500.00
TL Ventures V	10.1.07	Capital call	\$7,500,000.00
TPG Asia V	10.26.07	Capital call	\$38,022,808.00
TPG Credit Strategies	10.22.07	Capital call	\$11,848,341.23
TPG Partners IV	10.5.07	Capital call	\$5,172,414.00
TPG Partners V	10.5.07	Capital call	\$70,744,131.00
	10.25.07	Capital call	\$19,515,622.00

**INTERNAL PROGRAMS**  
**Alternative Investment Management (AIM) Program**  
**Transactions - October 2007**

<b>Partnerships</b>	<b>Date</b>	<b>Transaction</b>	<b>Amount</b>
TPG Star	10.1.07	Capital call	\$6,603,774.00
Tricor Pacific Capital Partners IV	10.1.07	Capital call	\$299,725.00
	10.30.07	Capital call	\$6,218,262.00
Trinity Ventures IX	10.4.07	Capital call	\$500,000.00
W Capital Partners II	10.3.07	Capital call	\$1,851,267.00
Welsh Carson Anderson & Stowe X	10.17.07	Capital call	\$19,250,000.00
<b>TOTAL CAPITAL CALLS</b>			<b>\$1,051,087,385.30</b>
<b>TOTAL DISTRIBUTIONS</b>			<b>\$366,763,216.43</b>

<b>INTERNAL PROGRAMS</b>		
<b>Alternative Investment Management (AIM) Program</b>		
<b>Summary of Investments Completed Under Delegated Authority</b>		
<b>Item</b>	<b>Name of Investment</b>	<b>Commitment</b>
Attachment 1	Apollo Investment Fund VII LP	\$1 billion
Attachment 2	Ares/CalPERS CLO Vehicle	\$140 million
Attachment 3	Audax Credit Opportunities Fund LP	\$25 million

<b>INTERNAL PROGRAMS</b>		
<b>Alternative Investment Management (AIM) Program</b>		
<b>Summary of Supplemental Investments Alongside AIM Vehicles</b>		
<b>Vehicle Name</b>	<b>Fund Name</b>	<b>Additional Amount Committed</b>
Sacramento Private Equity Partners, LP	KRG Capital Fund IV, LP	\$50 million

**Alternative Investment Management Program  
Executive Summary of Action Taken  
Under Delegation of Authority**

**Apollo Investment Fund VII, LP**

**Action:**

Commit \$1 Billion to Apollo Investment Fund VII, LP (the “Fund”)

**Background:**

Apollo Management (“Apollo” or “the Firm”) was founded in 1990 and is led by Leon Black, Josh Harris, and Marc Rowan. Headquartered in New York City, Apollo has offices in Los Angeles, London, Frankfurt, Paris and Singapore and employs over 100 investment professionals. The Firm has raised six funds focused on buyout transactions in North America and Western Europe and six funds focused on strategies ranging from mezzanine, stressed, distressed, and non-performing loans. CalPERS has committed \$1.8 billion across the Apollo platform which has \$24 billion in total assets.

Apollo Investment Fund VII will be the Firm’s flagship US and Western Europe buyout fund and will target investments across a variety of industries including chemicals, consumer & retail, distribution and transportation, financial & business services, manufacturing & industrial, media, cable & leisure, packaging & materials, and satellite & wireless. Apollo is seeking to raise \$15 billion for the Fund. This commitment is consistent with the AIM Program Strategic Review because it represents a sizeable commitment to a top performing private equity firm.

**Key Principals:**

- **Leon Black, Co-Founder of Apollo.** Prior to co-founding Apollo, Mr. Black served as Managing Director at Drexel Burnham Lambert from 1977 to 1990, where he served as head of the Mergers & Acquisitions Group and co-head of the Corporate Finance Department. Mr. Black graduated summa cum laude from Dartmouth College in 1973 with a major in Philosophy and History and received an MBA from Harvard Business School in 1975.
- **Joshua Harris, Co-Founder of Apollo.** Prior to co-founding Apollo, Mr. Harris was a member of the Mergers & Acquisitions Group of Drexel Burnham Lambert Incorporated. Mr. Harris graduated summa cum laude and Beta Gamma Sigma from the University of Pennsylvania’s Wharton School of Business with a BS in Economics and received his MBA from the Harvard Business School, where he graduated as a Baker and Loeb Scholar.

- **Marc Rowan, Co-Founder of Apollo.** Prior to co-founding Apollo, Mr. Rowan was a member of the Mergers & Acquisitions Group of Drexel Burnham Lambert Incorporated, with responsibilities in high yield financing, transaction idea generation and merger structure negotiation. Mr. Rowan graduated summa cum laude from the University of Pennsylvania's Wharton School of Business with a BS and an MBA in Finance.

#### **Analysis:**

- **Apollo has achieved top quartile performance over a 17-year period of investing.** Since inception, Apollo's Private Equity Group has generated a top quartile performance and is well positioned to deliver strong performance in the future.
- **Apollo has become a global leader in private equity with deep industry knowledge in core industries and an experienced team of professionals.** The firm's unique culture combines private equity experience with proven capital markets expertise and deep industry knowledge that combine to contribute to a collective knowledge that is unrivaled in the industry.
- **Apollo will leverage its flexible and diversified three-pronged buyout approach.** Apollo has demonstrated its ability to quickly adapt to changing market environments and to take advantage of market dislocations through its traditional and distressed buyout approach. The Firm has built an extensive worldwide network of people, relationships, and investors which it will be able to leverage for the benefit of deal sourcing and creation, exit opportunities, co-investment opportunities, and to access significant human capital resources.

#### **Litigation:**

According to Apollo, there is no current, threatened, or pending litigation against the Firm that may have an adverse effect on the Fund.

#### **Delegation Resolution Compliance:**

This decision complies with No: II (B) 2 of Attachment A of Delegation Resolution 07-02.

#### **Due Diligence Report:**

Staff has received a Due Diligence Report on this transaction from LP Capital Advisors.

**Alternative Investment Management Program  
Executive Summary of Action Taken  
Under Delegation of Authority**

**Ares/CalPERS CLO Vehicle**

**Action:**

Commit \$140 million to Ares/CalPERS CLO Vehicle (the “Vehicle”)

**Background:**

Founded in 1997, Ares Management LLC (“Ares” or the “Firm”) is a California-based independent investment firm focused on alternative credit-based strategies, private equity and private debt investments with approximately \$12 billion of total committed capital under management. The Firm has 155 employees, including 71 investment professionals, across offices in Los Angeles, New York and London. CalPERS has committed \$300 million to two Ares private equity funds and \$150 million to an Ares Distressed Securities Fund. The Vehicle will invest in senior debt securities in a leveraged vehicle supported by long-term financing.

This commitment is consistent with the AIM Program Strategic Review because it represents a sizeable commitment to a top performing private equity firm.

**Key Principals:**

- **Anthony Ressler, Co-Founder and Senior Partner of Ares.** Prior to co-founding Ares, Mr. Ressler was a co-founder of Apollo Management, L.P. in 1990. Prior to 1990, Mr. Ressler served as a Senior Vice President in the High Yield Bond Department of Drexel Burnham Lambert Incorporated, with responsibility for the New Issue/Syndicate Desk. Mr. Ressler received his BSFS from Georgetown University’s School of Foreign Service and received his MBA from Columbia University’s Graduate School of Business.
- **David Sachs, Co-Founder and Portfolio Manager.** Prior to joining Ares, Mr. Sachs was a Principal of Onyx Partners, Inc., from 1994 to 1997, specializing in merchant banking and related capital raising activities in the private equity and mezzanine debt markets. From 1990 to 1994, Mr. Sachs was employed by Taylor & Co., an Investment Advisor to members of the Bass Family of Fort Worth, Texas. From 1984 to 1990, Mr. Sachs was with Columbia Savings and Loan Association as Executive Vice President, responsible for all asset-liability management. Mr. Sachs graduated from Northwestern University with a BS in Industrial Engineering and Management Science.

- **Americo Cascella, Portfolio Manager.** Prior to joining Ares, Mr. Cascella was a Senior Associate with Pricewaterhouse responsible for foreign exchange and interest rate derivative risk analysis and corporate treasury risk management consulting from 1994 to 1998. Mr. Cascella graduated from the University of California at Los Angeles where he earned a BA in Economics, with an emphasis in Business.
- **Seth Brufsky, Portfolio Manager.** Prior to joining Ares in 1998, Mr. Brufsky was a fixed income Securities Analyst at Merrill Lynch & Co. Prior to joining Merrill Lynch, Mr. Brufsky was a member of the Institutional Sales and Trading Group of the Global Fixed Income Division at Union Bank of Switzerland. Mr. Brufsky graduated from Cornell University with a BS in Applied Economics and Business Management and received his MBA in Finance with honors from the University of Southern California's Marshall School of Business.

#### **Analysis:**

- **Ares is widely recognized as one of the leading capital markets firms in the world.** With over \$12 billion in assets under management, Ares has delivered excellent returns in a variety of strategies. Their internal coverage of a wide spectrum of business sectors provides the Ares team with unique market knowledge and should give them an edge versus their competitors.
- **Ares has an experienced and cohesive investment team.** The three Portfolio Managers will be supported by two Senior Advisors and over 30 investment professionals with various industry expertise.
- **The Vehicle is expected to benefit from an attractive market environment.** The Vehicle should benefit from a difficult banking environment taking advantage of the banks need for liquidity after the subprime write-downs and congestion in the LBO market.

#### **Litigation:**

According to Ares, there is no outstanding or threatened litigation against the General Partner or the Principals that may have an adverse effect on the Fund.

#### **Delegation Resolution Compliance:**

This decision complies with CalPERS Delegation No: II (C) 1 of Attachment A of Delegation Resolution 07-02.

#### **Due Diligence Report:**

Staff has received a Due Diligence report on this transaction from LP Capital Advisors.

**Alternative Investment Management Program  
Executive Summary of Action Taken  
Under Delegation of Authority**

**Audax Credit Opportunities Fund, L.P.**

**Action:**

Commit \$25 million to Audax Credit Opportunities Fund, L.P. (the “Fund”)

**Background:**

Founded in 2000, Audax Group (“Audax” or “Firm”) is a diversified investment platform led by Geoffrey Rehnert and Marc Wolpow that caters to multiple investment disciplines including private equity and mezzanine lending. The Fund represents a new strategy for Audax focused on investments in debt instruments in leveraged, non-investment grade companies. The Fund will invest throughout the capital structure in the middle market and will have the flexibility to invest in numerous debt instruments through all phases of the credit cycle. Audax has a team of 50 investment professionals in both Boston and New York City.

This commitment is consistent with the AIM Program Strategic Review because it represents a commitment to a top performing private equity firm, with whom CalPERS has sizeable commitments.

**Key Principals:**

- **Marc B. Wolpow, Co-Chief Executive Officer.** Prior to founding the Firm, Mr. Wolpow was a Managing Director at Bain Capital, where he invested in leveraged buyout transactions. While at Bain Capital, he established Sankaty Advisors, which invested in various leverage products. Prior to Bain, he worked at Drexel Burnham Lambert and Donald Luftkin & Jenrette. Mr. Wolpow received an M.B.A. from Harvard Business School, a J.D. from Harvard Law School and a B.S. from Wharton School of the University of Pennsylvania.
- **Kevin P. Magid, Managing Director.** Mr. Magid co-leads mezzanine activities and will also have oversight responsibility for the Fund. Previously, Mr. Magid was a Managing Director in the Leveraged Finance/Merchant Banking Group of CIBC World Markets Corp. Mr. Magid also worked at Wasserstein Perella & Co., Kidder Peabody & Co., and Drexel Burnham Lambert, Inc. Mr. Magid received an M.B.A. from the Wharton School of the University of Pennsylvania and a B.A. from Tufts University.

- **Michael P. McGonigle, Managing Director.** Mr. McGonigle joined Audax in 2007 to manage the day-to-day operations of the Fund. Previously, Mr. McGonigle was a Managing Director for GE's Corporate Lending business. While at GE, Mr. McGonigle focused on par, distressed and second lien loan investments, new business origination, risk management and workouts. Mr. McGonigle received an M.B.A. from Fordham's Graduate School of Business and a BS from Fordham University.

#### **Analysis:**

- **The Audax platform of private equity and mezzanine funds and a team of over 50 investment professionals provide considerable synergy for this strategy.** The ability of the Fund to leverage the Audax platform should lead to increased deal flow and may be a significant competitive advantage for the Fund.
- **The Firm has developed extensive networks of industry experts and executives that will help them source transactions for the Fund.** Audax has demonstrated the ability to source attractive lower middle market transactions through industry contacts and dealer networks. The Firm also has a dedicated sourcing effort that will help source attractive investment opportunities for the Fund.
- **Experienced Portfolio Manager.** Mr. McGonigle spent 25 years working for units within GE Capital. While there, he gained extensive experience in sourcing, underwriting and managing debt investments through multiple capital market cycles. Additionally, he developed relationships with a number of middle market debt investors that will likely benefit the Fund. He is developing a dedicated team of seven professionals under him to execute on the Fund's strategy.

#### **Litigation:**

According to Audax, there is no material litigation against the Firm that will adversely affect the Fund.

#### **Delegation Resolution Compliance:**

This decision complies with No: II (B) 4 of Attachment A of Delegation Resolution 07-02.

#### **Due Diligence Report:**

Staff has received a Due Diligence Report on this transaction from PCG Asset Management.

## INTERNALLY MANAGED DERIVATIVE TRANSACTIONS SUMMARY

September 2007

<u>SECURITY TYPE</u>	(\$ Millions) <u>NOTIONAL</u>
FUTURES PURCHASES	\$5,408.0
FUTURES SALES	\$5,317.9



**Investment Office**

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(916) 795-3400

December 17, 2007

**SUPPLEMENTAL ITEM**

**TO: MEMBERS OF THE INVESTMENT COMMITTEE**

**I. SUBJECT:** Investment Transactions

**II. PROGRAM:** Affiliate Funds

**III. RECOMMENDATION:** Information Only

The following investment reports relating to the Affiliate Funds have been compiled by staff for the Investment Committee's review. The transaction and asset allocation reports were completed for the month of October 2007.

Annuitants' Health Care  
CalPERS Health Care Bond  
Judges' Retirement  
Judges II Retirement  
Legislators' Retirement  
Long Term Care  
Public Employees' Medical & Hospital Care Act Contingency Reserve  
Supplemental Contribution  
Volunteer Firefighters Length of Service Award

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Matthew Flynn  
Division Chief

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Anne Stausboll  
Chief Operating Investment Officer

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Russell Read  
Chief Investment Officer

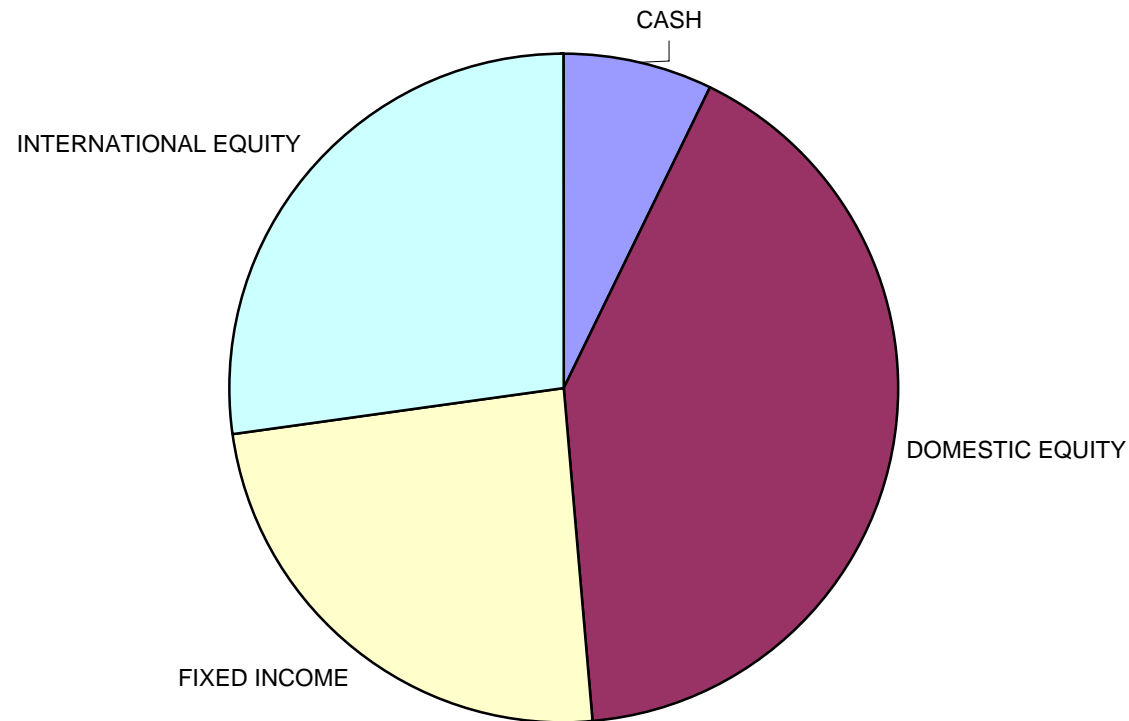
# ANNUITANTS' HEALTH CARE COVERAGE FUND

SKB0

ASSET ALLOCATION

October 31, 2007

Asset Class	Book Value	Percent of Portfolio	Market Value	Percent of Portfolio
CASH	3,520,819.72	7.71%	3,520,819.72	7.35%
DOMESTIC EQUITY	18,999,967.62	41.59%	19,838,051.53	41.39%
FIXED INCOME	11,299,524.90	24.74%	11,552,568.09	24.10%
INTERNATIONAL EQUITY	11,859,575.07	25.96%	13,019,730.19	27.16%
<b>TOTAL</b>	<b>\$45,679,887.31</b>		<b>\$47,931,169.53</b>	



# ANNUITANTS' HEALTH CARE COVERAGE FUND

SKB0

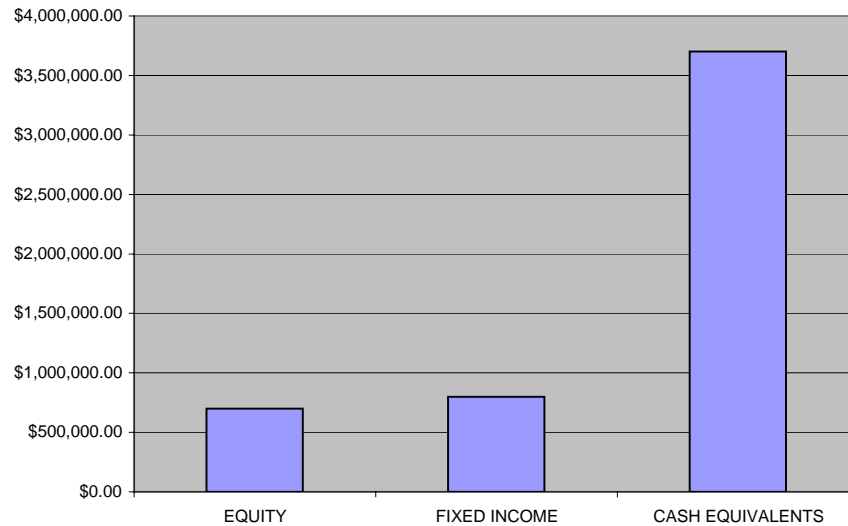
INVESTMENT PORTFOLIO SUMMARY

October 31, 2007

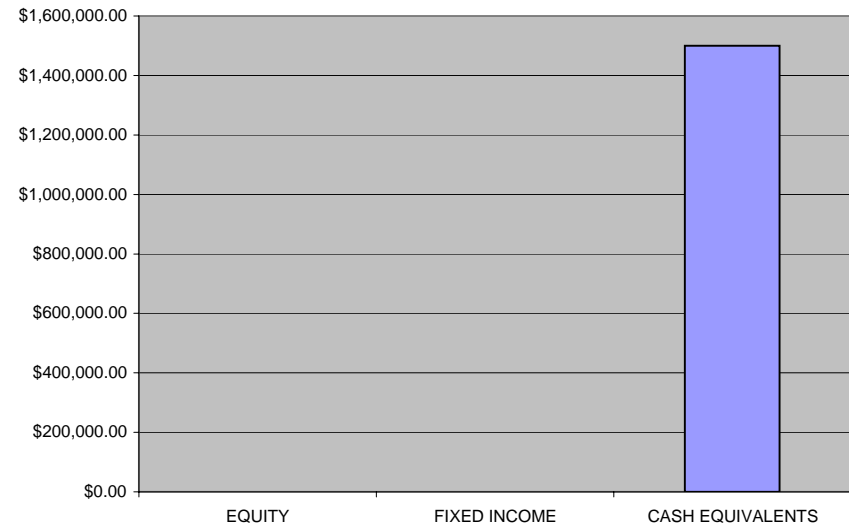
## INVESTMENT TRANSACTIONS

	PURCHASES			SALES			TOTAL NET INVESTMENT
	EQUITY	FIXED INCOME	CASH EQUIVALENTS	EQUITY	FIXED INCOME	CASH EQUIVALENTS	
<b>Portfolio</b>							
SCP TOTAL FUND	\$700,000.00	\$800,000.00	\$3,702,449.13	\$0.00	\$0.00	\$1,500,000.00	\$3,702,449.13
Total	\$700,000.00	\$800,000.00	\$3,702,449.13	\$0.00	\$0.00	\$1,500,000.00	\$3,702,449.13

## PURCHASES



## SALES



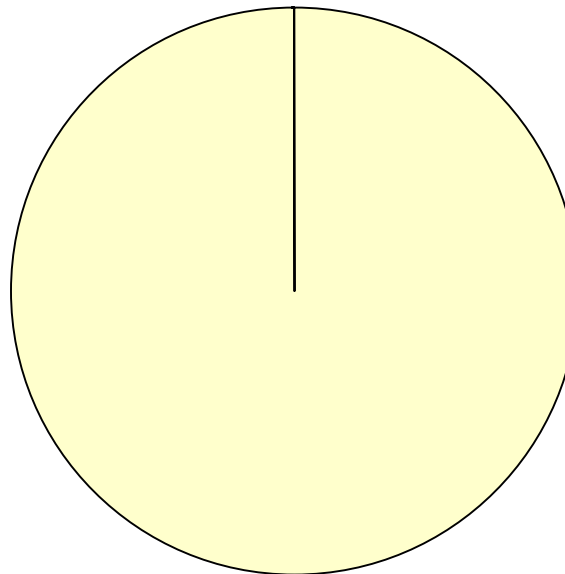
## CALPERS HEALTH CARE BOND FUND

SKB3

ASSET ALLOCATION

October 31, 2007

<u>Asset Class</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
FIXED INCOME	356,739,512.70	100.00%	365,818,850.80	100.00%
<b>TOTAL</b>	<b><u>\$356,739,512.70</u></b>		<b><u>\$365,818,850.80</u></b>	



FIXED INCOME

# CALPERS HEALTH CARE BOND FUND

SKB3

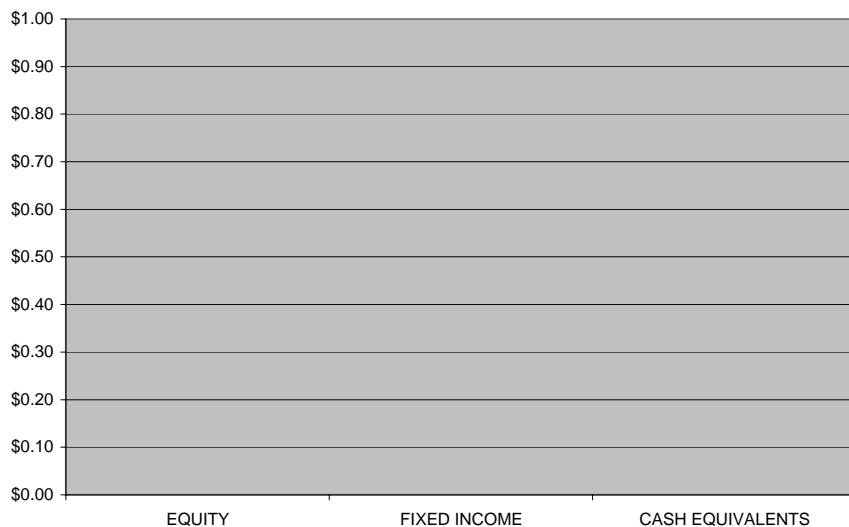
INVESTMENT PORTFOLIO SUMMARY

October 31, 2007

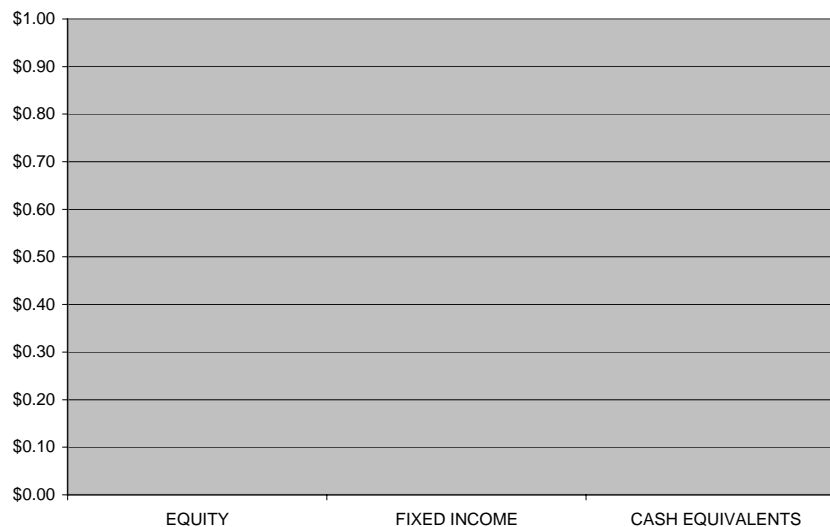
## INVESTMENT TRANSACTIONS

	PURCHASES			SALES			TOTAL NET INVESTMENT
	EQUITY	FIXED INCOME	CASH EQUIVALENTS	EQUITY	FIXED INCOME	CASH EQUIVALENTS	
<b>Portfolio</b>							
SCP TOTAL FUND	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

## PURCHASES



## SALES

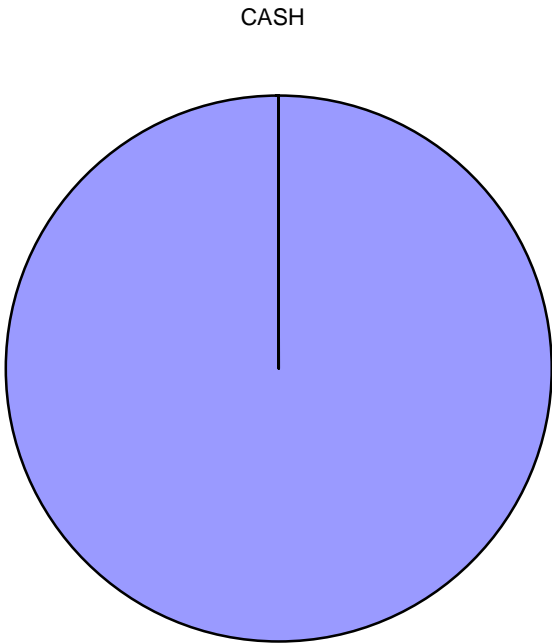


JUDGES' RETIREMENT FUND

SK05  
ASSET ALLOCATION

October 31, 2007

Asset Class	Book Value	Percent of Portfolio	Market Value	Percent of Portfolio
CASH	\$3,304,121.24	100.00%	\$3,304,121.24	100.00%
TOTAL	\$3,304,121.24		\$3,304,121.24	



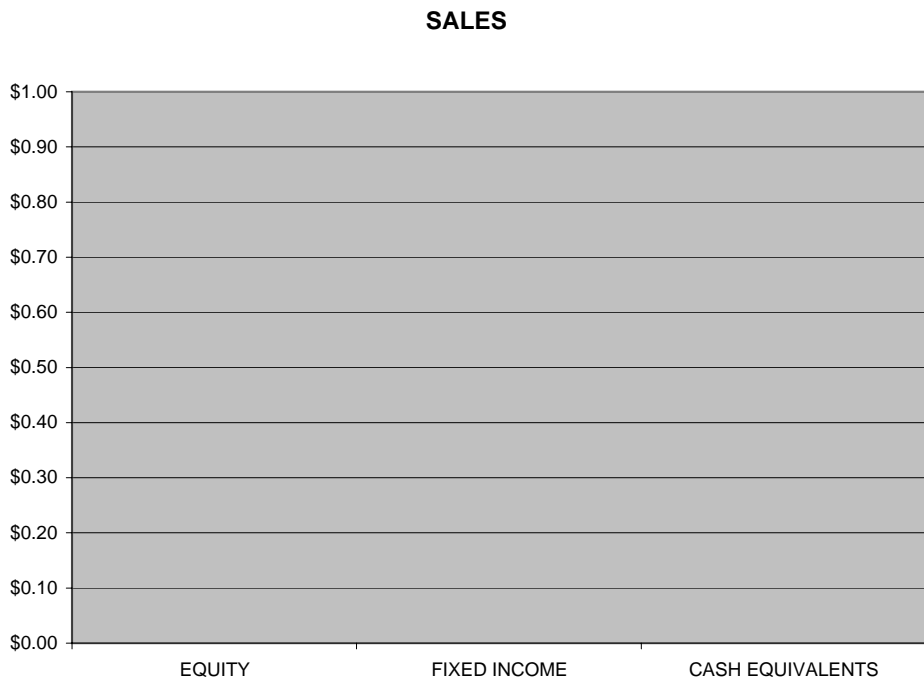
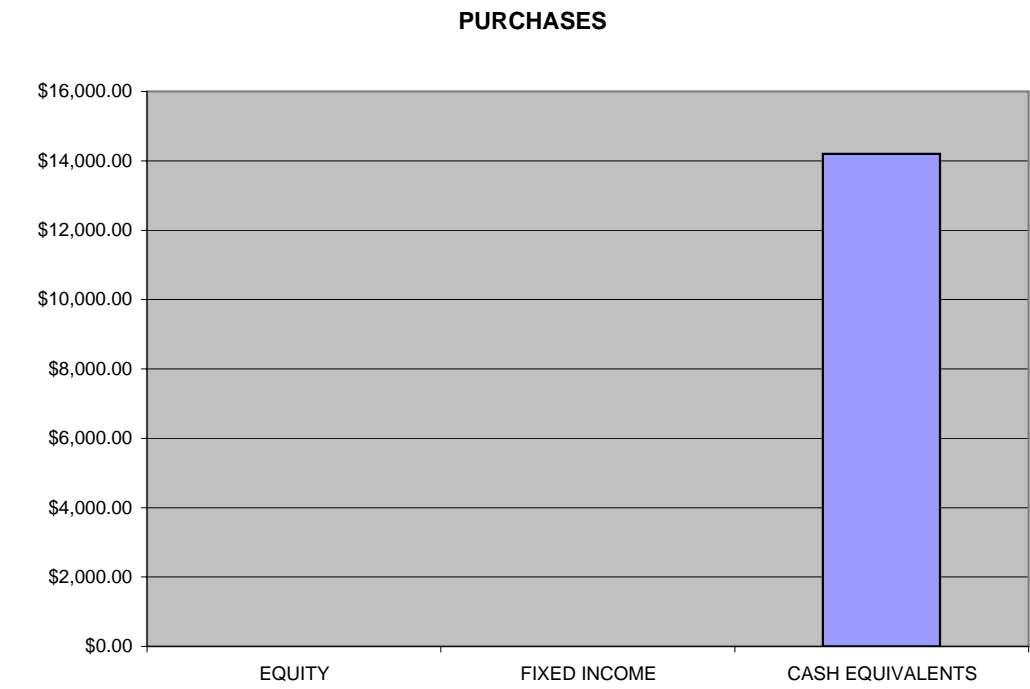
JUDGES' RETIREMENT FUND

SK05

INVESTMENT PORTFOLIO SUMMARY

October 31, 2007

INVESTMENT TRANSACTIONS	PURCHASES			SALES			TOTAL NET INVESTMENT
	EQUITY	FIXED INCOME	CASH EQUIVALENTS	EQUITY	FIXED INCOME	CASH EQUIVALENTS	
<u>Portfolio</u>							
JUD-INTERNAL SHORT TERM - CALPERS	\$0.00	\$0.00	\$14,204.26	\$0.00	\$0.00	\$0.00	\$14,204.26
Total	\$0.00	\$0.00	\$14,204.26	\$0.00	\$0.00	\$0.00	\$14,204.26



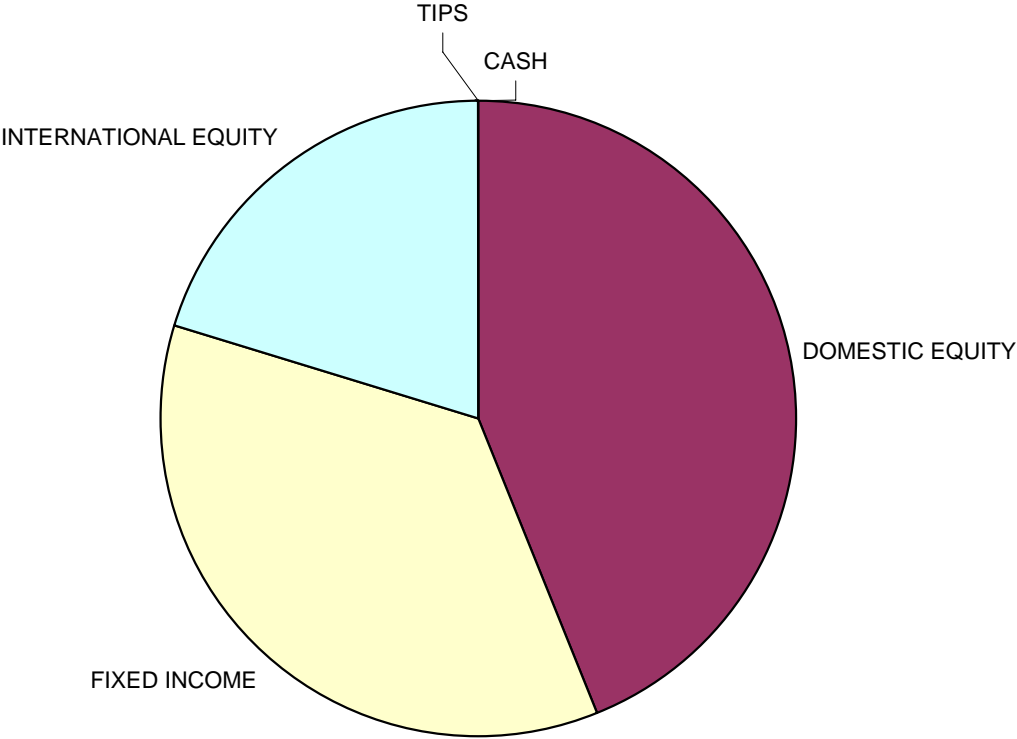
JUDGES II RETIREMENT FUND

SK30

ASSET ALLOCATION

October 31, 2007

Asset Class	Book Value	Percent of Portfolio	Market Value	Percent of Portfolio
CASH	\$8,078.95	0.00%	\$8,078.95	0.00%
DOMESTIC EQUITY	\$92,069,018.19	40.75%	\$117,605,587.23	43.86%
FIXED INCOME	\$92,516,485.19	40.94%	\$96,438,260.04	35.97%
INTERNATIONAL EQUITY	\$41,370,050.74	18.31%	\$54,068,628.33	20.17%
TIPS	\$0.00	0.00%	\$0.00	0.00%
TOTAL	\$225,963,633.07		\$268,120,554.55	



# JUDGES II RETIREMENT FUND

SK30

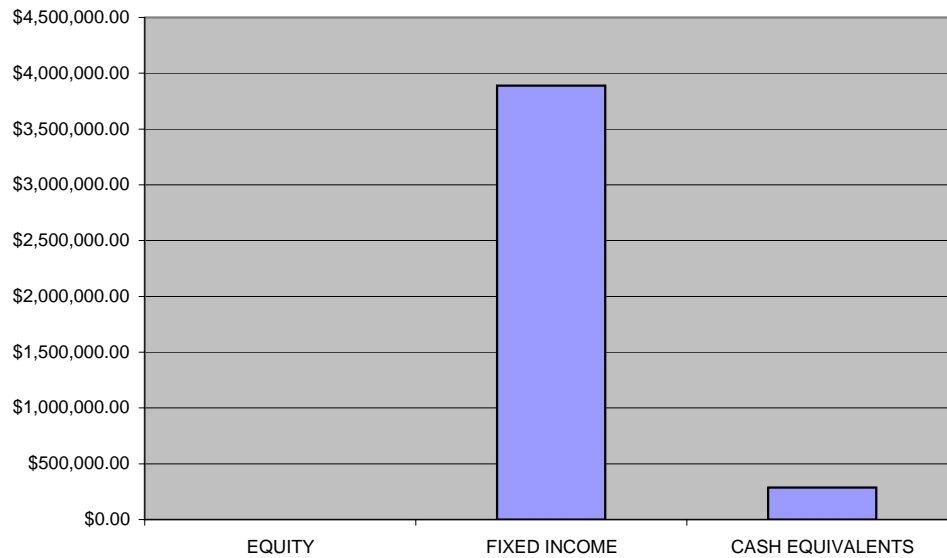
INVESTMENT PORTFOLIO SUMMARY

October 31, 2007

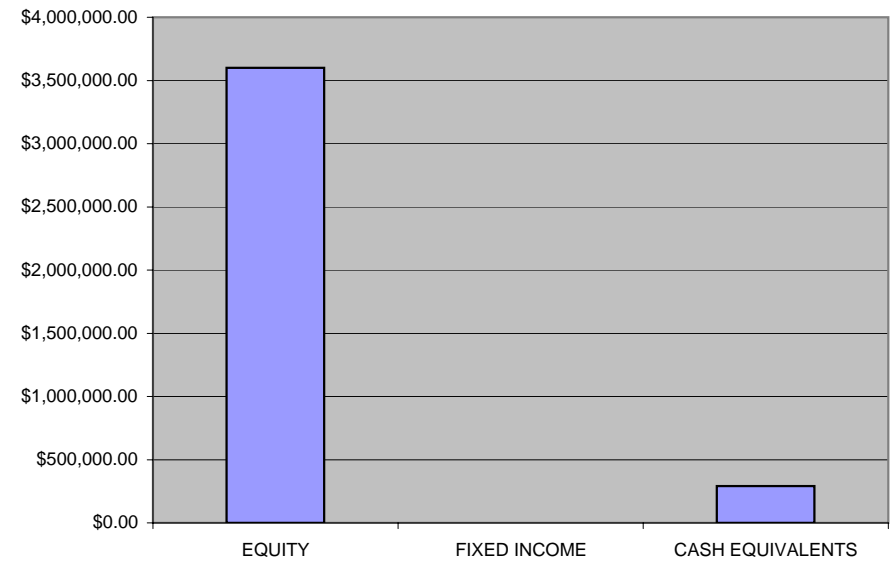
## INVESTMENT TRANSACTIONS

Portfolio	PURCHASES			SALES			TOTAL NET INVESTMENT
	EQUITY	FIXED INCOME	CASH EQUIVALENTS	EQUITY	FIXED INCOME	CASH EQUIVALENTS	
JUDGES II TOTAL FUND	\$0.00	\$3,890,000.00	\$285,660.10	\$3,600,000.00	\$0.00	\$290,000.00	\$285,660.10
Total	\$0.00	\$3,890,000.00	\$285,660.10	\$3,600,000.00	\$0.00	\$290,000.00	\$285,660.10

## PURCHASES



## SALES



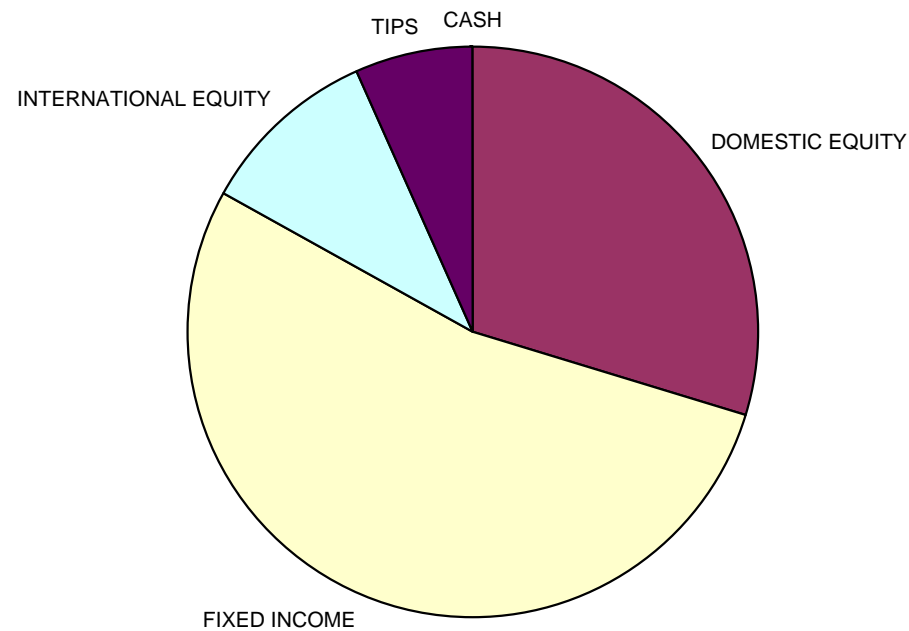
# LEGISLATORS' RETIREMENT FUND

SK15

ASSET ALLOCATION

October 31, 2007

<u>Asset Class</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
CASH	\$9,970.78	0.01%	\$9,970.78	0.01%
DOMESTIC EQUITY	\$33,414,843.25	25.96%	\$43,647,954.28	29.84%
FIXED INCOME	\$74,709,406.06	58.04%	\$77,964,916.76	53.30%
INTERNATIONAL EQUITY	\$11,301,383.82	8.78%	\$14,774,630.23	10.10%
TIPS	\$9,293,413.04	7.22%	\$9,867,194.13	6.75%
<b>TOTAL</b>	<b>\$128,729,016.95</b>		<b>\$146,264,666.18</b>	



# LEGISLATORS RETIREMENT FUND

SK15

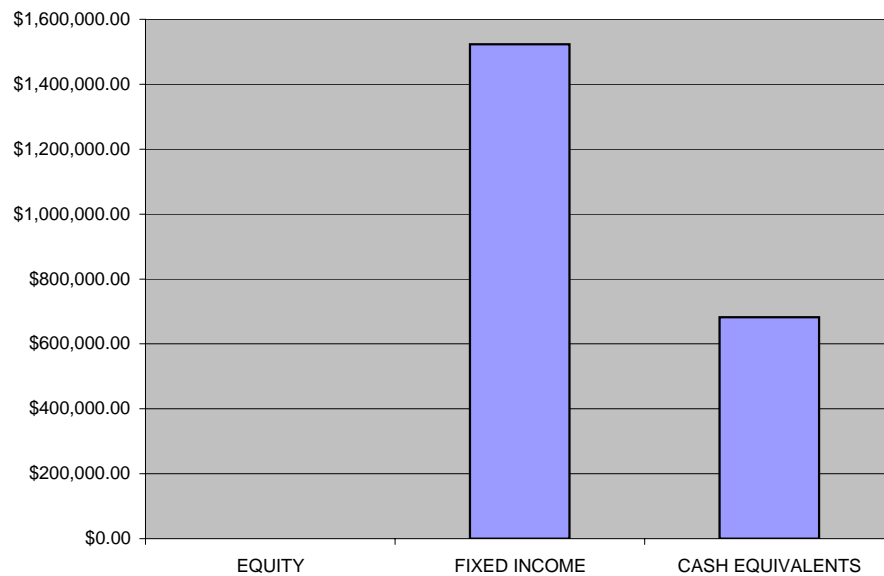
INVESTMENT PORTFOLIO SUMMARY

October 31, 2007

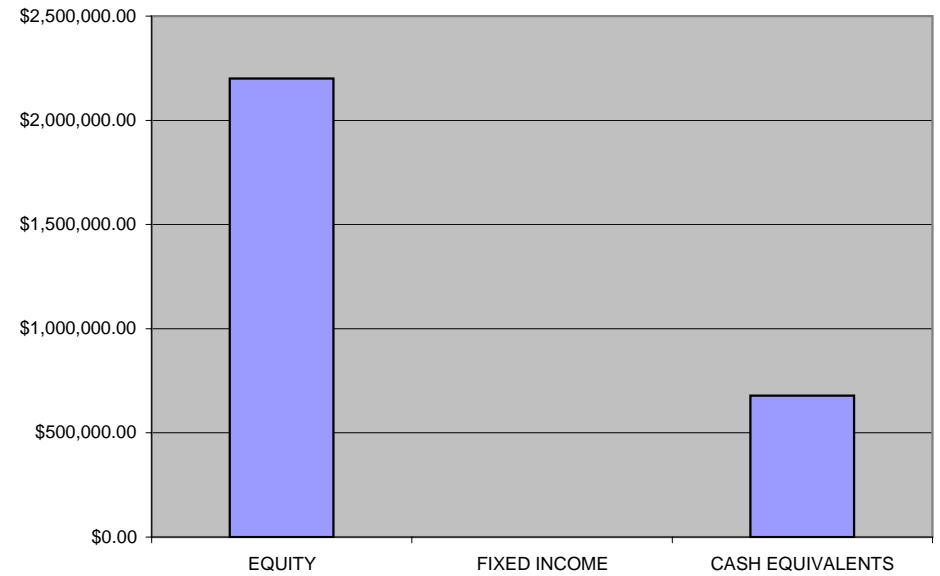
## INVESTMENT TRANSACTIONS

	PURCHASES			SALES			TOTAL NET INVESTMENT
	EQUITY	FIXED INCOME	CASH EQUIVALENTS	EQUITY	FIXED INCOME	CASH EQUIVALENTS	
<b>Portfolio</b>							
LEGISLATORS RETIREMENT TOTAL FUND	\$0.00	\$1,523,000.00	\$681,730.26	\$2,200,000.00	\$0.00	\$678,000.00	-\$673,269.74
Total	\$0.00	\$1,523,000.00	\$681,730.26	\$2,200,000.00	\$0.00	\$678,000.00	-\$673,269.74

## PURCHASES



## SALES



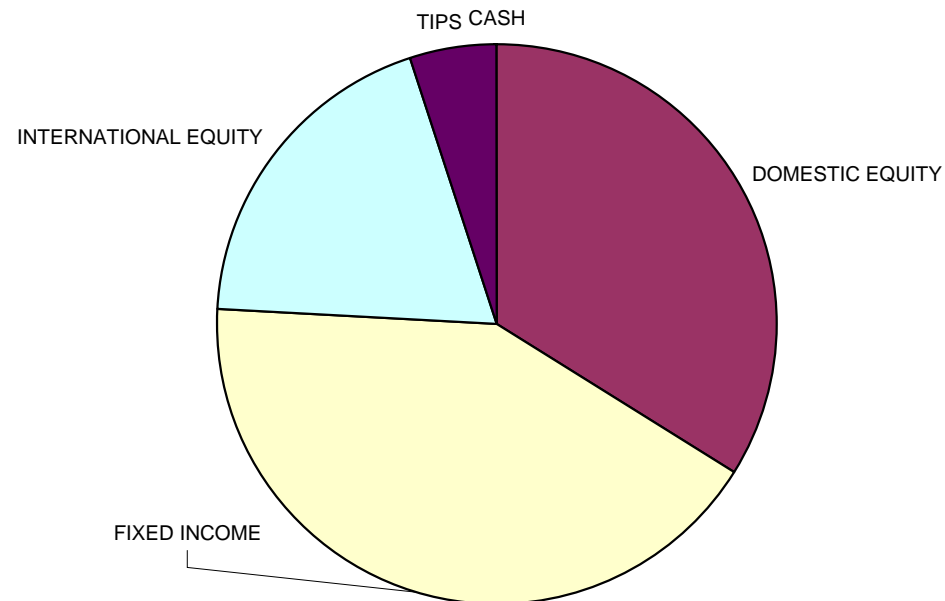
# LONG TERM CARE FUND

SK35

ASSET ALLOCATION

October 31, 2007

Asset Class	Book Value	Percent of Portfolio	Market Value	Percent of Portfolio
CASH	\$85,827.93	0.00%	\$85,827.93	0.00%
DOMESTIC EQUITY	\$622,152,536.81	30.87%	\$802,953,985.78	33.80%
FIXED INCOME	\$935,009,238.03	46.39%	\$998,223,130.48	42.02%
INTERNATIONAL EQUITY	\$349,177,921.19	17.32%	\$457,088,363.27	19.24%
TIPS	\$109,206,701.52	5.42%	\$117,274,228.84	4.94%
<b>TOTAL</b>	<b>\$2,015,632,225.48</b>		<b>\$2,375,625,536.30</b>	



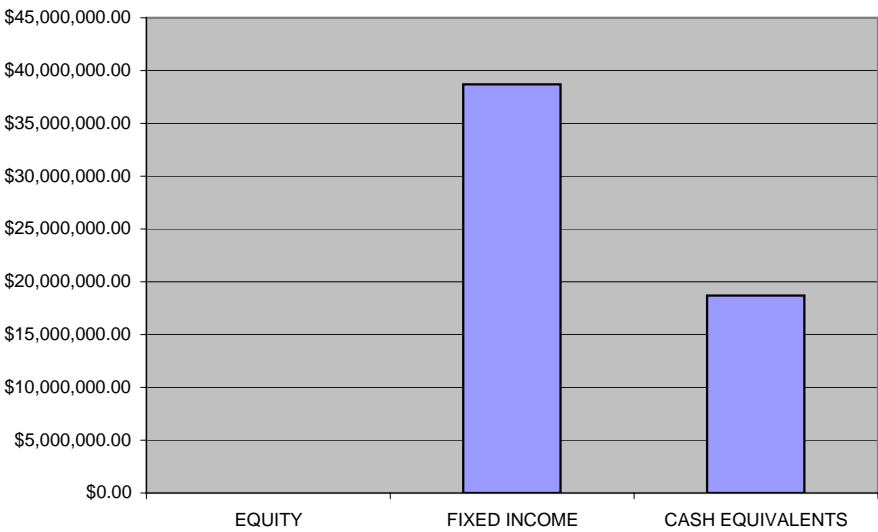
LONG TERM CARE FUND

SK35  
INVESTMENT PORTFOLIO SUMMARY

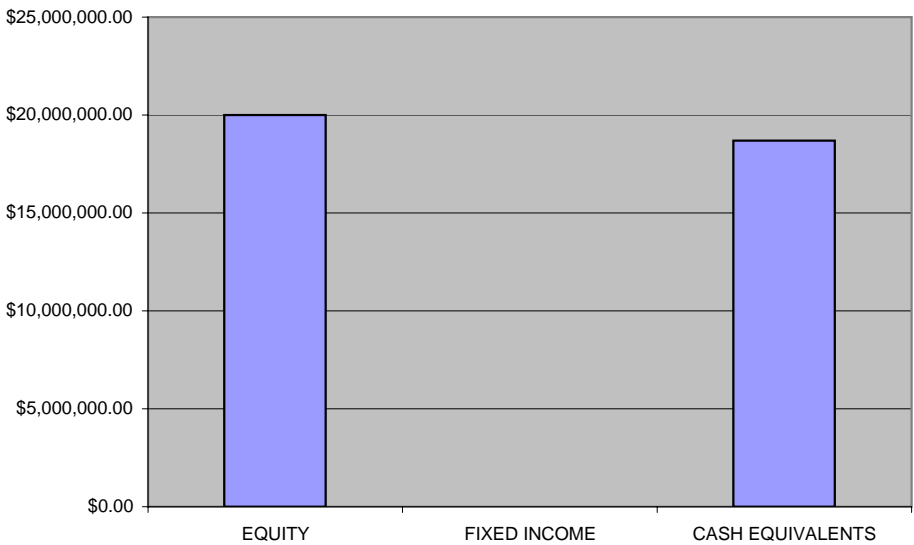
October 31, 2007

INVESTMENT TRANSACTIONS	PURCHASES			SALES			TOTAL NET INVESTMENT
	EQUITY	FIXED INCOME	CASH EQUIVALENTS	EQUITY	FIXED INCOME	CASH EQUIVALENTS	
Portfolio							
LONG TERM CARE TOTAL FUND	\$0.00	\$38,700,000.00	\$18,706,599.30	\$20,000,000.00	\$0.00	\$18,700,000.00	\$18,706,599.30
Total	\$0.00	\$38,700,000.00	\$18,706,599.30	\$20,000,000.00	\$0.00	\$18,700,000.00	\$18,706,599.30

PURCHASES



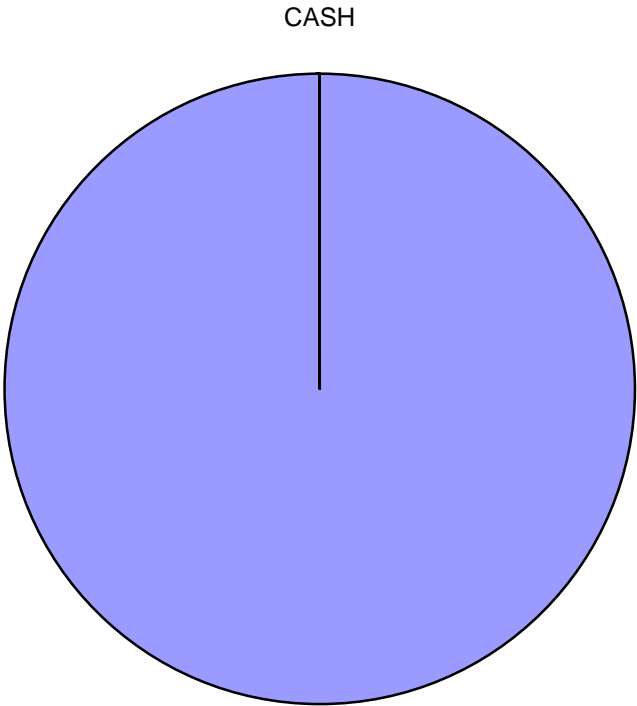
SALES



CONTINGENCY RESERVE FUND

SK01  
ASSET ALLOCATION  
October 31, 2007

Asset Class	Book Value	Percent of Portfolio	Market Value	Percent of Portfolio
CASH	\$5,856,133.33	100.00%	\$5,856,133.33	100.00%
TOTAL	\$5,856,133.33		\$5,856,133.33	

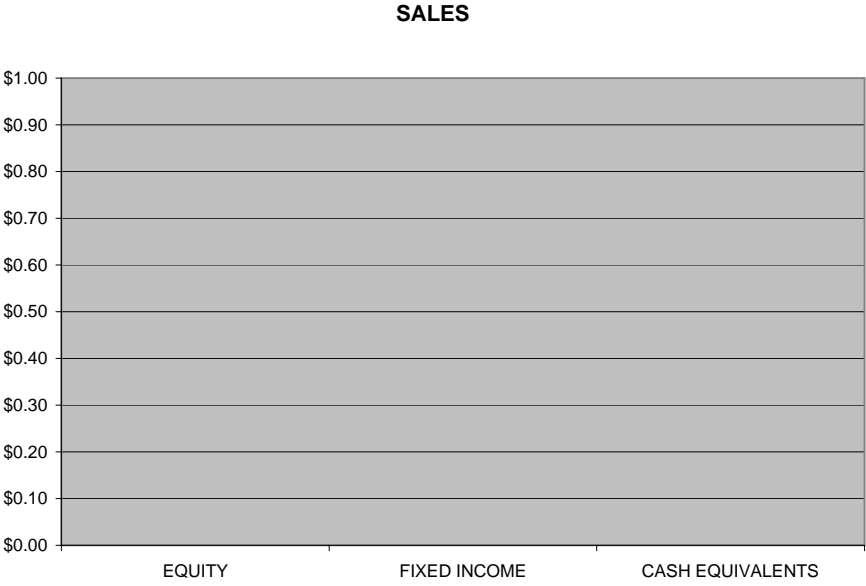
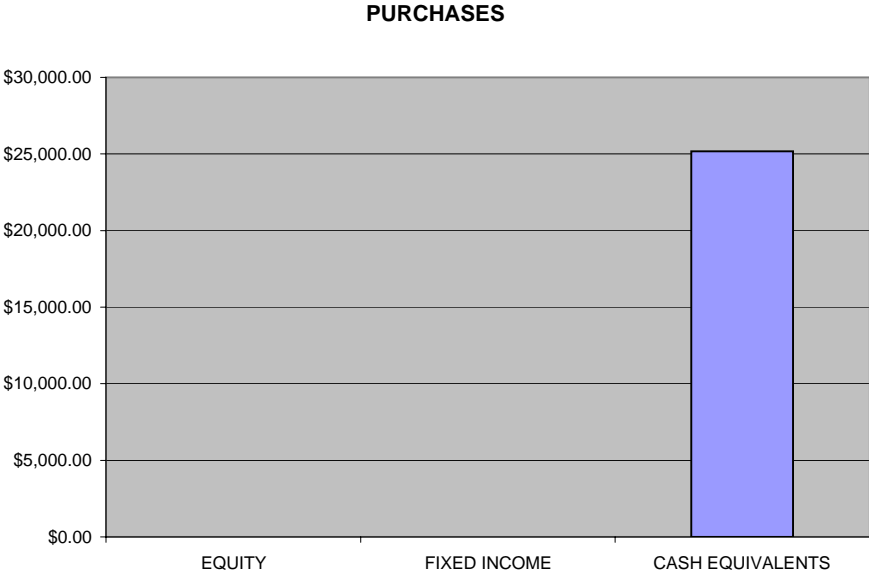


CONTINGENCY RESERVE FUND

SK01  
INVESTMENT PORTFOLIO SUMMARY

October 31, 2007

INVESTMENT TRANSACTIONS	PURCHASES			SALES			TOTAL NET INVESTMENT
	EQUITY	FIXED INCOME	CASH EQUIVALENTS	EQUITY	FIXED INCOME	CASH EQUIVALENTS	
<u>Portfolio</u>							
CRF INTERNAL SHORT TERM - CALPERS	\$0.00	\$0.00	\$25,175.24	\$0.00	\$0.00	\$0.00	\$25,175.24
Total	\$0.00	\$0.00	\$25,175.24	\$0.00	\$0.00	\$0.00	\$25,175.24



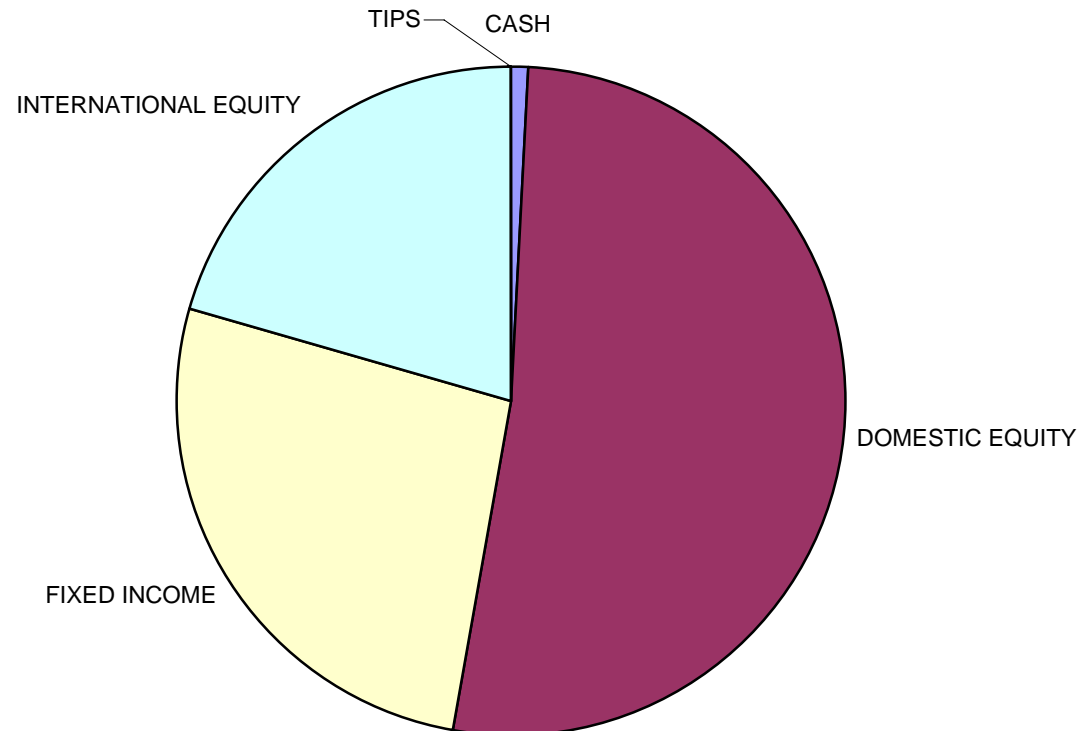
# SUPPLEMENTAL CONTRIBUTION FUND

SK76

ASSET ALLOCATION

October 31, 2007

Asset Class	Book Value	Percent of Portfolio	Market Value	Percent of Portfolio
CASH	190,005.38	0.98%	190,005.38	0.80%
DOMESTIC EQUITY	9,269,673.20	48.03%	12,352,684.88	51.85%
FIXED INCOME	6,120,482.83	31.72%	6,392,854.40	26.83%
INTERNATIONAL EQUITY	3,717,755.06	19.27%	4,888,052.67	20.52%
TIPS	0.00	0.00%	0.00	0.00%
<b>TOTAL</b>	<b>\$19,297,916.47</b>		<b>\$23,823,597.33</b>	



# SUPPLEMENTAL CONTRIBUTION FUND

SK76

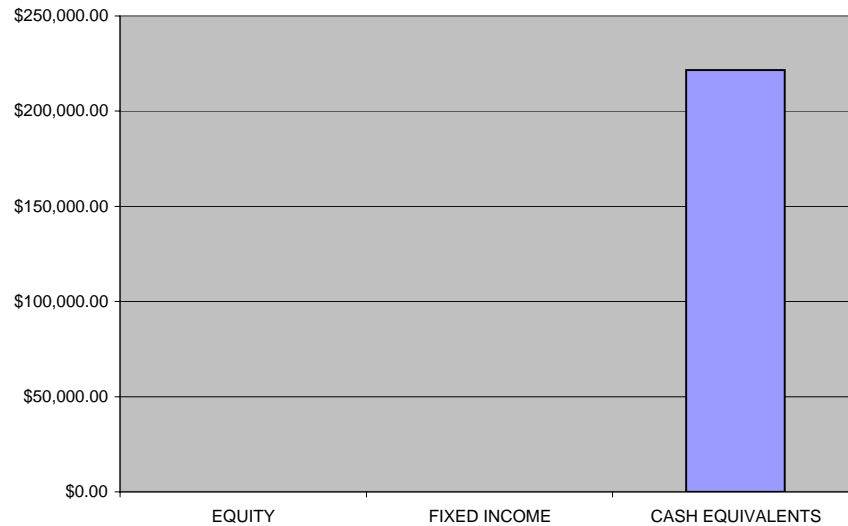
INVESTMENT PORTFOLIO SUMMARY

October 31, 2007

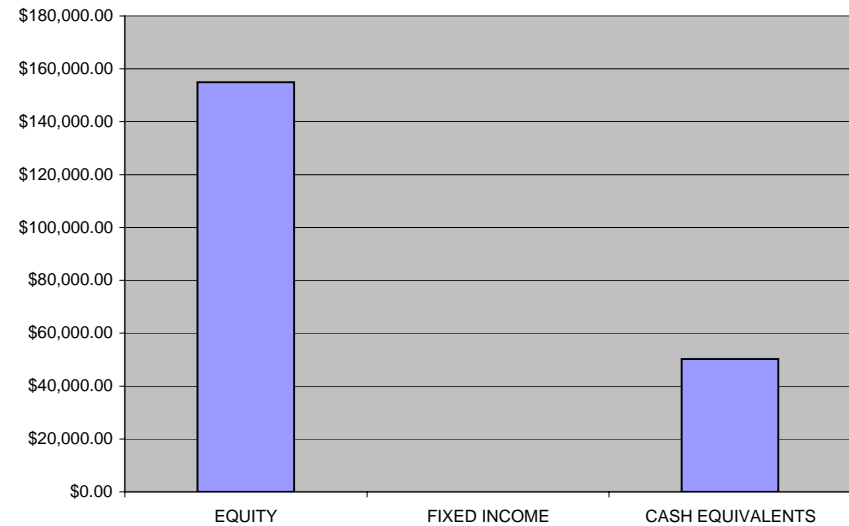
## INVESTMENT TRANSACTIONS

	PURCHASES			SALES			TOTAL NET INVESTMENT
	EQUITY	FIXED INCOME	CASH EQUIVALENTS	EQUITY	FIXED INCOME	CASH EQUIVALENTS	
<b>Portfolio</b>							
SCP TOTAL FUND	\$0.00	\$0.00	\$221,521.91	\$155,000.00	\$0.00	\$50,263.80	\$16,258.11
Total	\$0.00	\$0.00	\$221,521.91	\$155,000.00	\$0.00	\$50,263.80	\$16,258.11

### PURCHASES



### SALES



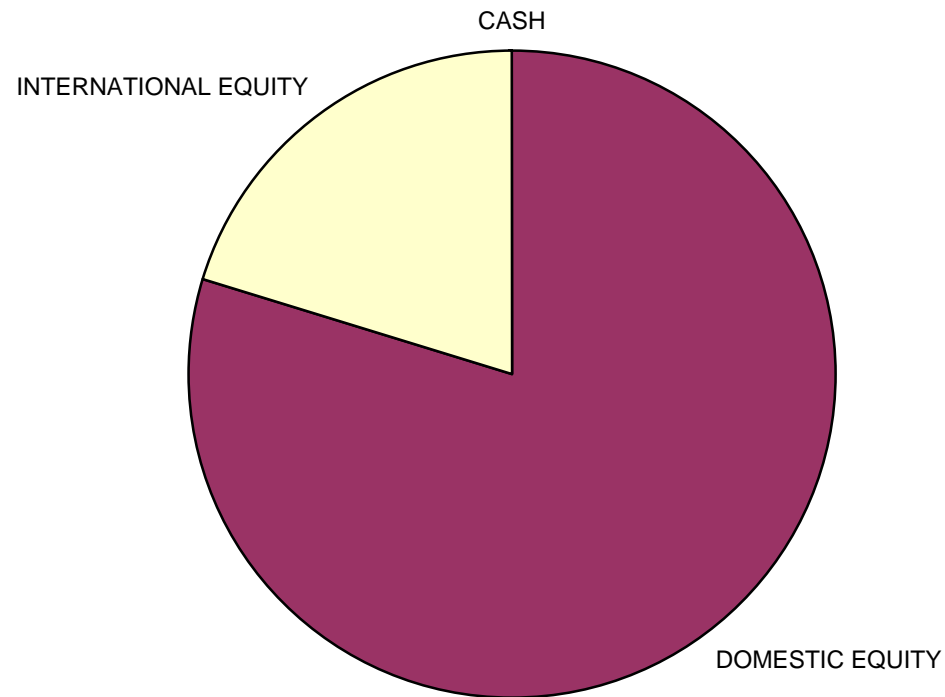
# VOLUNTEER FIREFIGHTERS LENGTH OF SERVICE AWARD FUND

SK26

ASSET ALLOCATION

October 31, 2007

Asset Class	Book Value	Percent of Portfolio	Market Value	Percent of Portfolio
CASH	\$5,072.23	0.16%	\$5,072.23	0.14%
DOMESTIC EQUITY	\$2,628,915.19	84.54%	\$2,943,273.25	79.60%
INTERNATIONAL EQUITY	\$475,672.77	15.30%	\$749,421.28	20.27%
<b>TOTAL</b>	<b>\$3,109,660.19</b>		<b>\$3,697,766.76</b>	



# VOLUNTEER FIREFIGHTERS LENGTH OF SERVICE AWARD FUND

SK26

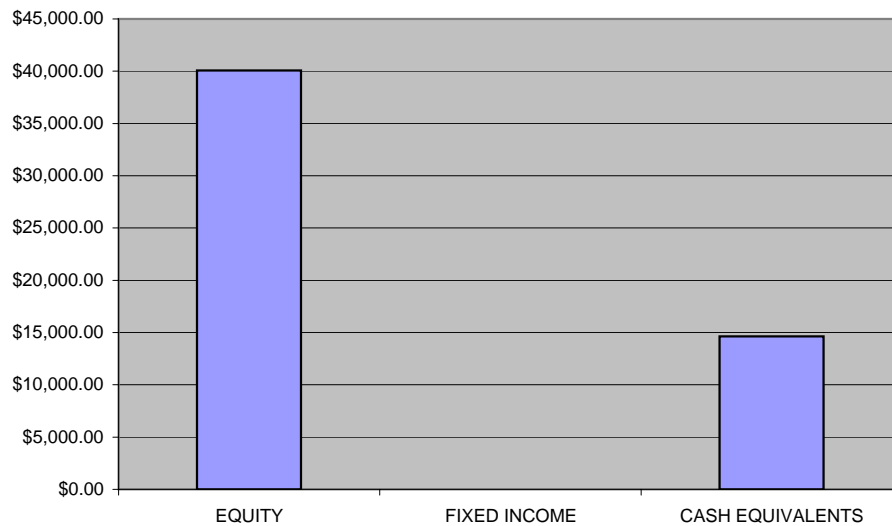
INVESTMENT PORTFOLIO SUMMARY

October 31, 2007

## INVESTMENT TRANSACTIONS

Portfolio	PURCHASES			SALES			TOTAL NET INVESTMENT
	EQUITY	FIXED INCOME	CASH EQUIVALENTS	EQUITY	FIXED INCOME	CASH EQUIVALENTS	
VFF-INTERNAL SHORT TERM - CALPERS	\$40,064.00	\$0.00	\$14,632.84	\$25,110.56	\$0.00	\$14,953.44	\$14,632.84
Total	\$40,064.00	\$0.00	\$14,632.84	\$25,110.56	\$0.00	\$14,953.44	\$14,632.84

## PURCHASES



## SALES

